

Three Groups Unite On Program To Deal With Irresponsible Motorist

NEW YORK—A committee representing American Mutual Alliance, Assn. of Casualty & Surety Companies, and National Assn. of Independent Insurers has prepared a detailed program to meet the problem of the irresponsible motorist. The committee presented the program at a luncheon for the insurance press here.

This is the first time the major automobile liability underwriters of the country—the 532 members of the three organizations write 79% of the automobile liability business in the U.S.—have agreed upon a common plan with which to meet the problem of the motorist who is irresponsible, financially and otherwise. It is also the first time the three organizations have agreed upon opposition to other plans, such as compulsory, equal responsibility, unsatisfied judgment

funds and mandatory uninsured motorist cover. The organizations now will oppose all of these other plans.

In the past they have been at odds on ways of satisfying the demand for dealing with the uninsured motorist. This lack of a common front is considered by some to have been in part responsible for the spread of compulsory.

In brief, the program consists of several specific traffic proposals, a substantial tightening of the financial responsibility law in all the states, and the offering of such coverages as the uninsured motorist endorsement—on an optional basis.

Compulsory, UJF, and mandatory UM have been promoted as 100% panaceas to the UM problem, Leon R. Oliver of Employers Liability pointed out at the press conference here. The present philosophy is that this pro-

gram is a practical method of achieving the best possible solution. Mandatory UM is compulsory, and in connection with it Virginia already has a state fund.

The strictest practical standards have been applied by the joint committee working out the program, Carl L. Kirk of Zurich explained. Heretofore, in efforts to reach a solution, unsound proposals such as compulsory have been made. Auto liability insurers are dealing daily with the problem, and it could be assumed they would propose a practical, workable solution. It is timely that the business got together on a program to reflect the best judgment of the business.

J. M. Crawford of North America noted that the panaceas of compulsory and the like have had the objective of

(CONTINUED ON PAGE 17)

AMA Insurance Conference Draws 650 At Chicago

Latest In Underwriting Atomic Hazards, Risk Assumption Featured

An informative program paced by the latest insurance fashions for nuclear hazards and an insurance vs self-insurance debate attracted 650 this week for the annual insurance conference of American Management Assn. at Chicago.

A pleasant aftermath from the rigors of avid attention and learning was attained at the perennial, sumptuous banquet and cocktail and entertainment hour provided by Rollins Burdick Hunter at the Drake Hotel.

Most of Monday was devoted to a study of self-insurance and risk assumption, which explored taxes, savings and flexibility considerations. A. Grant Whitney, Belk Stores Reciprocal, Charlotte, N. C., discussed the captive reciprocal; Donald W. Berry, Borden Co., New York City, described his company's self-insurance program; Martin E. Segal of Martin E. Segal & Co., New York City, gave answers to questions on insurance vs self-insurance of employee benefit programs, and Gordon Garnhart, Westinghouse Electric Corp., Pittsburgh, explained the advantages that his company had found in full insurance.

Mr. Whitney said that the "venture" his company had embarked upon was completely foreign to the mercantile field. His organization is a captive reciprocal in that it is completely owned by its policyholders. "Our entire idea was to establish a company with the sole purpose of insuring the risks of our multi-corporate organization, the Belk Stores, with all benefits being derived by these many corporations," he said.

The Belk exchange was chosen over (CONTINUED ON PAGE 40)

Ask Bennett To Reconsider New Iowa Auto Rating

DES MOINES—Iowa Assn. of Independent Insurance Agents has asked Commissioner Bennett to reconsider the rating formula for automobile insurance which he had approved for the bureaus, effective Oct. 1.

The association, in a resolution adopted by its executive committee, was critical of the new production cost allowance factor in the rating formula and described it as a "confiscatory reduction in the earnings of the independent insurance agents of Iowa at the expense of not only the agents but the public generally."

The new production cost allowance was placed at 20% by the bureaus.

In asking the commissioner to reconsider his action, the association said it felt it would be to the public interest "by opening to public scrutiny all of the factors involved in the new rating formula." The resolution pointed out that the same rating formula had been rejected by departments of other midwestern states, and it asked that the bureaus be required to support their formula with specific and actual dollar amounts and that public hearings be held on rating formula changes.

New Homeowners Approved In Georgia

The new homeowners program has been approved in Georgia. The effective date is November 17. This is the first approval of the residence package policy program which replaces the old homeowners and comprehensive dwelling policies.

At press time, no other state was known to have approved the filing, though at least one, Ohio, had received it.

O'Connor Sees Reintroduction Of Forand Bill In Next Congress; Urges Action Now

The reintroduction of the Forand bill can be expected in the next congress, and the insurance business should begin taking action right now, E. H. O'Connor, managing director of Insurance Economics Society of America, stated in a talk before the Cleveland Life General Agents and Managers Assn. and the A&H Assn. last week.

It is perhaps a step in the right direction to provide old people with hospitalization and medical care, but from past experience with government social welfare programs it is obvious that such a step would be only the beginning, and eventually the same benefits would be extended to all workers covered under social security regardless of age, Mr. O'Connor said.

An Election Year Certainty

Noting that "strangely enough" the act has been amended during every congressional election year since 1950, the speaker said that while he agrees with the original principle of social security, and the business is not opposed to "any legislative or any government measures which look to the welfare of the people," the program must bear some sensible relationship to what the country can pay or afford when the true costs mature. The over-expansion of the system may mean eventually that it is "no longer secure," he said.

Referring to the "questionable financial condition of the OASI trust fund," Mr. O'Connor stated that the system is "no bargain." For years the maximum social security tax an employee could pay was \$30. By 1958 this amount had reached \$94.50. Under the new schedule it will be \$120 in 1959, and in 1969 the tax on the self-employed will reach \$324. These figures are based on "the hope that the tax

schedule will not be increased during this period," he said.

As to the "old cliché" that the system has played an important role in the growth of private life insurance during the past 20 years, Mr. O'Connor said the facts show that after the

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Dietz Leaves Post

E. Kearney Dietz, executive secretary of Insurors of Tennessee since last Jan. 1, has resigned to join the staff of Little Rock chamber of commerce.

Prior to joining Insurors of Tennessee he was manager of Arkansas Assn. of Insurance Agents in Little Rock four years. A successor has not been named at Insurors of Tennessee.



Attending a session of the American Management Assn. insurance conference: Raymond Dempsey, Motorola; Wesley Johnston, Chrysler Corp.; Ade Palmer, president Rollins Burdick Hunter Co., and Robert Enger, Armour & Co. (More pictures on Page 36.)

Confused Picture Of Field Man And His Future Developing Countrywide

By JOHN N. COSGROVE

Conflicting reports of some insurers reducing their field staffs while others are increasing theirs are echoing around the country. Sharply divergent opinions on the value of the special agent—from both company and agency sources—are adding to the confusion. In this cloudy climate, management might do well to consider that its future fortunes lie largely in the hands of the field forces, and do everything possible to clarify their status and improve their skills.

In any case it seems unfair to drag the field man out of the context of the over-all merchandising problem of the companies. No one can speak dogmatically of his future role, although extremists have tried to do so. Perhaps it would be fair to regard him and the current criticism hurled in his direction as symptoms of the uncertainty and weakness in the merchandising methods of the agency companies. They must find out where they want to go before they can tell the field man where they want him to go and what to do when he gets there. Right now he seems to be as confused as a motorist in unfamiliar country with

several different sets of directions from various gas station attendants.

And well he may be confused. In a paper on the analysis of the expense portion of the premium dollar, delivered at the annual meeting and seminar of Society of CPCU at New Orleans, Edgar E. Isaacs, vice-president in charge of casualty for Atlantic Mutual, pointed out that company managements seem strong in their conviction that the need for special agents' services is steadily increasing. In his contact with agents and brokers, however, Mr. Isaacs got the impression that they feel special agents are fully dispensable. He points out that this admittedly represents the extremes of two viewpoints in an area in which company and producer should be in full accord.

How far away this accord is may be judged from a sampling of comments on the subject. Company men disagree with their own colleagues, and agents do not see eye to eye. For example, a vice-president in the mid-west notes that in eight short years his company has doubled the field staff in his territory and cut down the territory traveled by each field

man proportionately. His company believes that unless this program is continued, it will be unable to share in the growth ahead. This executive is surprised at the number of companies that still use one special agent in Nebraska, for example, and thinks they would be better off limiting one man's field to a certain portion thereof to allow him to concentrate his efforts.

On the other hand, a midwest field man provides a different slant. He says it is rather difficult to understand the attitude which seems to be developing among a great many company executives. He reports that in Illinois many companies are cutting down the field force. There seems to be a policy of attrition, he notes, and when a field man leaves a company, it does not bother to replace him but spreads the duties of the current staff a little thinner.

In this commentator's view, such action looks like a matter of extremely false economy at this particular time when companies need profitable business. Field men are indispensable for that job, he continues, and a great many companies are suffering through

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Western Problems Are Reviewed At Caracas Conference

Western hemisphere insurance problems were discussed at the annual Hemispheric Insurance Conference in Caracas, Venezuela. Considerable attention was devoted to the pressures toward government encroachment into the affairs of individuals and of business enterprises. As A. L. Kirkpatrick, manager of the insurance department of U. S. Chamber of Commerce and the permanent secretary of the conference, pointed out in his remarks, insurance as a public service type of business is one of the most vulnerable of all to nationalization.

However, he said, the insurance business in the west has withstood these pressures in remarkable fashion. Much credit for this is due to the work of the conference, he declared. He noted that not long after the second conference was held in Mexico City in 1948, the Mexican government decided to sell its life insurance company to private capital and turn over its management to private enterprise.

Developments In 12 Years

True, he added, during the 12 year period of the conferences, Argentina created a government monopoly in reinsurance; and Argentina, Mexico and Cuba adopted laws restricting the right of writing of marine cover on exports and imports to domestic companies. However, Brazil removed the bar against admission of foreign insurers.

John T. Byrne of Talbot, Bird & Co., said that the "Tables of Practical Equivalents," which was published in 1954 by International Union of Marine Insurance and International Chamber of Commerce, has become established

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Illinois Insurance Federation Given Preview Of Legislative Things To Come

The state's outlook for insurance legislation was described by Director Joseph S. Gerber and Sen. W. Russell Arrington at the annual meeting last week of Insurance Federation of Illinois.

The audience, numbering several hundred, is the only all-industry group in the state, and during his remarks Mr. Gerber stressed that none of the legislation he desired could have a chance of passage without the support of the federation members.

President Peter W. Freilich, Corroon & Reynolds, presided, and the speakers were introduced by Ralph D. Jones of Continental Casualty, the 1st vice-president. All the federation's chief officers were reelected, with E. H. Henning, Central Standard Life, remaining as chairman, Mr. Freilich as president, Mr. Jones as 1st vice-president, and Miss Florence M. Manson as executive secretary and treasurer.

Mr. Freilich, in his brief remarks, commented that the type of full-house attendance which marks the annual meetings is indicative of a spirit which is essential if the federation is to have any potency in dealing with legislation. He pointed out that the federation is the only organization in the state which embraces all segments of insurance. It is dedicated to the study of all legislation affecting any phase of the business.

Now is not the time for divergence, he urged, but rather of unity of action.

Sen. Arrington, who formerly was chairman of the house judiciary committee, said he is not yet sure how the elections will affect the next legislature, but it is almost a certainty that there will be more bills needing scrutiny. In the last legislature there

were 2,314 bills introduced of which 263 more or less directly affected insurance and an estimated 345 had an insurance impact. He reviewed the types of bills the legislature is confronted with in the insurance area.

Mr. Arrington said it is difficult to evaluate the imponderable of the failure in Illinois to obtain passage of the court reform bill. There is a tremendous cost in the delay of trying cases, he remarked. Companies have to hold witnesses for four to five years.

There is an enormous financial problem with which a legislature has to deal, Mr. Arrington continued. In

Pictures of the annual meeting appear on Page 24.

1921 the total government cost in Illinois was \$125 million, but today the predicted cost for public aid alone is \$450,000. He said he thinks there will be heavy pressure for extension of unemployment benefits, perhaps up even to nine months and with recommendations that there be employee contributions. This Mr. Arrington characterized as a back door approach to the cash disability program which has been pushed in Illinois for a number of sessions.

Mr. Gerber introduced his remarks with a comment that insurance is perhaps undergoing its most precarious moments. The perpetuation of state regulation is in the balance, with the responsibility upon the states to improve their position beyond the possibility of a call for dual regulation or federal control.

It is not the intent of the state insurance department to harass the

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Non-Admitted Cover Good If Properly Used, Clark Says

Most insurance buyers seem to get a thrill or kick out of buying some insurance in the so-called "unauthorized" insurance market, Ernest L. Clark, president Corporate Advisory Inc., told the fall insurance conference of American Management Assn. in Chicago. The very idea of getting insurance that the rules or underwriting practices have caused American insurers to refuse to issue seems to give the buyer a feeling of power, he added. "As a matter of fact, the market is a great asset to the insurance buyer, for here he can buy what he wants regardless of any restrictions providing he has an insurable risk and will pay the cost."

Mr. Clark went on to say that non-admitted unauthorized insurance is written by London Lloyds and there were many advantages to Lloyds, one being that "insurance is the most profitable export England has" and "therefore, you can be assured that claims will always be met under Lloyds contract, as they are very jealous of their reputation in the security offered by their contracts."

He added that foreign insurers other than Lloyds should only be used when the size of risk requires participation. Great care should be used to be sure that they are able and offer good insurance security. There are a good many insurers who claim to be domiciled in other countries which should not be accepted under any circumstances, he warned. To some extent it is a question of "let the buyer beware" and he should have every confidence that he has selected a broker for the placing of the insurance whose skill and integrity he can depend on, and

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Robinson President Of Colorado Ins. Group

Jack O. Robinson has been elected president of Colorado Insurance group,

replacing Allen J. Lefferdink, who has been serving as president and chairman and will retain the latter position.

Mr. Robinson has been executive vice-president since 1952. He started in insurance in 1946 and the following year

joined Mr. Lefferdink as manager of a local agency in Boulder. Mr. Robinson was one of the incorporators of Colorado Credit Life in 1949 and three years later served in the same capacity in the formation of Colorado Ins. Co.

The Colorado group today includes Colorado Credit Life, Colorado, Allied National, and Equity General of Miami. Mr. Robinson and Mr. Lefferdink will serve as president and chairman respectively of each of the companies.

Mr. Robinson also is the director of Nebraska National Life of Lincoln in which the president is Thomas Pansing, former Nebraska director, and is also consultant for International Life of the Americas of Puerto Rico.



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- Double Protection to Age 65 (Minimum \$2,000).
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- Life Modified Three (Minimum \$5,000).
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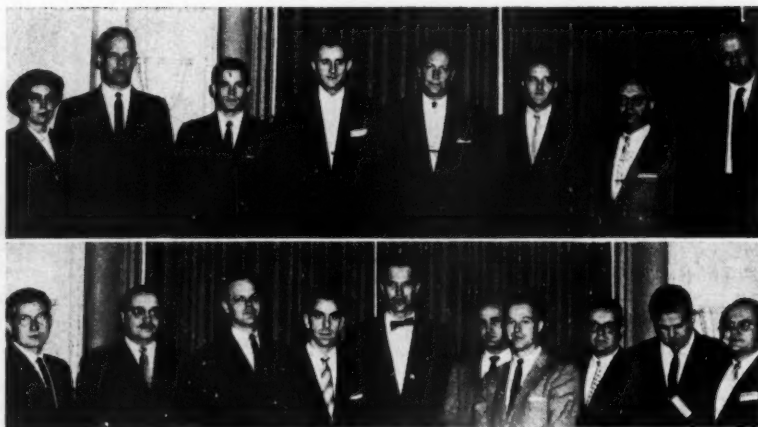
Sizes Up Property Damage Protection In Nuclear Perils

Provisions for property damage protection involving nuclear perils and operations of the two nuclear risk syndicates—Nuclear Energy Property Insurance Assn. and Mutual Atomic Energy Reinsurance Pool—were described by William H. Berry, vice-president America Fore Loyalty group, at the annual conferment luncheon of Chicago chapter Society of CPCU.

Says Fission Not A Fire

Mr. Berry said that nuclear fission is not a fire and the fire policy does not now and never was intended to cover nuclear hazards. The property insurance industry has introduced a nuclear clause for mandatory attachment to all fire policies, he said, and he quoted the clarifying clause:

"The word 'fire' in this policy or endorsement attached hereto is not intended to and does not embrace nuclear reaction or nuclear radiation or radio-active combination, all whether controlled or uncontrolled, and loss by nuclear reaction or nuclear radiation or radioactive contamination is not intended to be and is not insured against by this policy or said endorsements, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by 'fire' or any other perils insured against by this



policy or said endorsements; however, subject to the foregoing and all provisions of this policy, direct loss by 'fire' resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy."

Similar clauses, he said, make it abundantly clear that the peril of

policy or said endorsements; however, subject to the foregoing and all provisions of this policy, direct loss by 'fire' resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy."

Similar clauses, he said, make it abundantly clear that the peril of

nuclear reaction was a new peril not covered by existing property insurance contracts but have been or will be recommended for mandatory use in connection with a number of endorsements in special forms. Underwriters believe the contamination peril is insurable at a small additional charge in the fire rate and have recommended to rating organizations so-called "radioactive contamination assumption endorsements."

The property segment of the business, Mr. Berry said, has made no provision for the general public to purchase insurance against loss by explosion or radioactive contamination caused by failure of the nuclear reactor. He referred to the possibility of explosion damage to surrounding prop-

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Reliance Expands Western Division

Reliance has transferred supervision of Missouri, Kansas and Indiana from Philadelphia to the new western department at Madison, Wis. Also, on Dec. 15, supervision of Michigan will be transferred there. The western department headed by Vice-President George V. Whitford, was established in July, 1957, and has handled all business from Illinois, Minnesota, North Dakota, South Dakota, Wisconsin, Iowa, and Nebraska.

Formerly In Field

Robert S. McKain, assistant secretary, transfers from Philadelphia to Madison and assumes responsibility for all fire underwriting there. He previously served Reliance as a field man in central Pennsylvania and in the head office for the last five years. William Geigert also transferred from Philadelphia, to the marine and multiple peril department at Madison. Harold Queen, who had been in the statistical and accounting departments in the head office, was appointed chief accountant at the western department.

A. J. Link has joined the fire underwriting division at Madison. He was previously superintendent of the fire department of New Amsterdam Casualty at Chicago.

AT AMA MEETING

Yount Gives Chapter And Verse Of Nuclear Supplier's Policy

The most difficult question to deal with in developing nuclear liability coverage has been the problem of the supplier, according to Hubert Yount, executive vice-president Liberty Mutual, speaking before the fall insurance conference of American Management Assn. at Chicago. He went on to describe the "substantial progress" that has been made in the solution of the problem.

The basic problem of the insurance industry from the outset has been to eliminate duplication of limits and resulting pyramiding of liability beyond the capacity of the underwriting syndicates, Mr. Yount declared. "Company commitments to both the stock syndicate and the mutual pool are in terms of maximum dollars of liability with respect to any nuclear installation which limit includes loss of insurance capacity for suppliers; therefore, is one of providing coverage within such limitation.

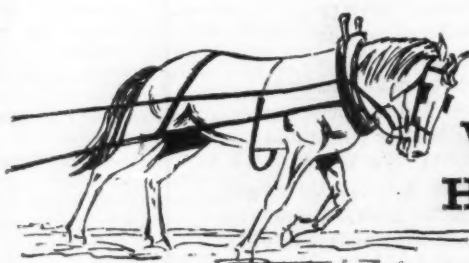
Adopt Basic Premise

After detailing various circumstances from which the supplier's problem arises, the speaker said that the underwriting syndicates have adopted as a basic premise the development of coverage for suppliers which will support plant facility coverage and utilizes the maximum extent possible the insurance capacity of the syndicates. "To this end our committees have developed an additional nuclear liability policy known as 'Supplier's and Transporter's,' which will shortly be filed with the rating organizations in several states."

Unlike the facility policy, the supplier's policy covers only the named insured and any executive officer, director, stockholder or partner of the named insured while acting within the scope of his duties as such, said Mr. Yount. Like the facility policy, the supplier's policy covers only injury property damage caused by the nuclear energy hazard.

The nuclear energy hazard, however, is not tied to any particular nuclear facility. The supplier's policy affords coverage with respect to the insured liability for bodily injury or property damage.

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Dulaney Delineates Factors In Climb Of Medical Cost

Over the last decade there has been constant and steady increase in the cost of medical care, S. Gwyn Dulaney, vice-president Travelers, told the annual fall insurance meeting of American Management Assn. at Chicago.

Speaking on "Can You Afford Comprehensive Medical Insurance?" Mr. Dulaney gave as an illustration of this increase in cost a negotiated plan whereby Travelers in 1955 insured several hundred thousand individuals nationwide. "Our paid claims reveal that the average country-wide cost of semi-private care for those covered initially was \$11.75 daily, and three years later the average country-wide liability of the same semi-private care for this group had increased more than 30% to \$14.49 daily. Our studies, as one of the most important, also show a direct relationship between the increasing cost of semi-private care and the increasing cost of such items as hospital, miscellaneous charges, out-of-hospital diagnostic charges, and even doctors' supplies charges.

Exercise Some Control

"This does not conflict with the fact that certain risks, for inherent reasons, enjoy better experience than other risks and that some control can be exercised by the insurance company, the policyholder and its representatives working together to the end that frequency, duration and charges can be kept within the broad concept of what we may define as reasonable," he declared. "Irrespective of these facts, however, hospital charges and the cost of medical care have been increasing and are expected to increase at the rate of approximately 7% per year in the foreseeable future. This increasing cost results from a number of factors which are actually beyond the control of the insurance companies and the purchasers of group insurance."

A hospital benefit plan with a reasonable dollar per day maximum reimbursement is more conservative with respect to future cost, Mr. Dulaney went on, than a plan that provides semi-private accommodations. Also, his company feels that a specific fee surgical schedule, which is measurable and predictable with considerable accuracy, offers definite long range cost advantages over any plan providing a reimbursement to the employee of 80% of the doctor's reasonable charges.

Base Plan More Conservative

"We believe that a base plan with inside limits plus major medical is more conservative and is not as susceptible to the effect of increasing costs due to inflationary trends as is a comprehensive medical expense plan," said Mr. Dulaney, and, gave several reasons for this thinking. He noted that a substantial portion of group contracts are related directly or indirectly to labor negotiations and even where negotiations do not enter the picture, employers generally like to be able to budget costs within reasonable limits. "Basic benefits with inside limits plus major medical will admittedly have to be revised from time to time to adequately take care of the increase in medical costs. Each revision and the resulting cost thereof can, however, either be a part of the collective bargaining negotiations or where collective bargaining is not involved, the employees are made aware of the in-

creased benefits and increased cost by delivery of replacing certificates."

Comprehensive, on the other hand, with its built in "escalator clause," automatically increases its benefits as well as employer costs as fast as the cost of medical care increases, and inasmuch as this occurs without contract change, the employer may well find that this increased cost is being assumed by him without an iota of credit or recognition on the part of his employees, the speaker said. The increased expenditure in general attracts no credit whatever at the bargaining table and goes unnoticed until the cost of the plan gets so far out of line that an effort is made to revive and restrict the benefits, in which case the employee or the bargaining unit is apt to react violently to the employer's attempt to take something away that "once given to him, or won in previous negotiations, belongs to him."

Mr. Dulaney opined that no one in the insurance industry would fail to approve of the insurance fundamentals of a deductible and coinsurance, and that the advantages of a conservative

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Increase In Products Claims Calls For Care In Writing Cover, Handling Claims

Court decisions which reflect current social attitudes, and science and research which introduce new products and improve or produce goods at lower cost, have materially affected products liability in the past and will affect it more substantially in the future, Lester F. Senger, secretary of Aetna Casualty, told the risk management institute sponsored by Connecticut Assn. of Insurance Agents at the University of Connecticut.

The trend of decisions in product liability cases has significance for underwriters, Mr. Senger believes, for there will be an increasing number of successful products liability claims. There is every reason to believe that the claim consciousness which exists in other lines of insurance will also be felt in products liability, and that trend in the courts of the past 10 years will continue.

Mr. Senger said that reputable manufacturers have always tried to do

a good job of quality control and have made every effort to manufacture a product which would not only be competitive but safe. In his opinion, however, research testing and quality control will become more important, not only from the standpoint of assuring the manufacturer a rightful share of the consumer market but also as a means of controlling products liability claims.

Will See Need For Testing

As industry has recognized that the control of industrial accidents can reduce WC costs, so will industry become increasingly aware of the necessity for establishing testing and control operations which will help to prevent products liability claims before they occur and perhaps provide some measure of defense if they do occur, he declared.

He advocated carefully controlled

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Expensive Operation

for the doctor



The cost to the physician or surgeon of a large malpractice liability judgment may easily spell financial ruin...

A week after an operation for varicose veins, the patient exhibited symptoms that should have brought a quick diagnosis of infection. The diagnosis wasn't made... the infection spread... and the patient later was awarded \$123,904... including \$23,900 for medical bills and loss of earnings. No Malpractice insurance was reported—resulting in an expensive operation for the doctor.

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Eight Years Of Testing Proves Soundness Of Deductible Property Insurance Plan

With so much direct excess business going to London, the interest in deductible property coverage for risks which are attracted by the excess or deductible method and its costs has become a lively topic of interest.

One of the deductible property insurance programs which has been tested for eight years is that of the

Chubb & Son companies, Federal, Sea and Vigilant. According to Fred W. Wrenn, manager of the Chubb & Son fire department, the experience on this business, of which there is a representative volume, has been extremely satisfactory.

This experience with the program has strengthened Chubb & Son's belief

that it is definitely a sound method for large insurance buyers and that it may be written profitably without jeopardizing either the interests of the insurer or that of the business as a whole.

Deductibles Widely Used

In support of this approach, Mr. Wrenn points out that deductibles are widely used in many forms of insurance. Substantial optional deductible amounts may be arranged in casualty, ocean marine, inland marine and others. Smaller deductibles are almost uniformly used in automobile collision, personal property floaters, homeowners, all physical loss forms, and extended coverage endorsements.

Deductible clauses, whether for large or small amounts, have one purpose—to make the insurance fit the needs of the property owner at the lowest cost consistent with the protection afforded, Mr. Wrenn points out. Therefore, Chubb & Son feels that there is no reason why deductible clauses cannot be applied to fire insurance to meet the needs or demands of the larger insurance buyers who might otherwise fully self-insure or seek nonadmitted or foreign insurance markets to supply the desired coverage.

Deductible clauses are frequently used as the basis of lower rates by these nonadmitted insurers. Feeling that this was a sound concept and seeing no reason why desirable business should be lost to other markets, Chubb & Son instituted their deductible program.

Standards For Using Deductibles

In so doing, these criteria were established:

1. That the rating basis should be in harmony with the standard rating methods prevailing in this country.
2. That the policyholder would retain all the advantages of scheduled rating with inspections, plus the rate incentives designed to promote improvements in building construction, and fire prevention as well as good care and management.
3. That the deductible amount would be stated in dollars, not percentages. Chubb & Son believed that a policyholder could reasonably determine the dollar amount he was willing to assume in the light of his own financial position, the type of property

(CONTINUED ON PAGE 39)

Boston's New Ad Series Pinpoints Wide Service

Boston has initiated a new advertising campaign in leading insurance trade journals which features the accessibility of nearby home office attention and service to independent agents in the U. S., its territories and Canada. The trade journal promotion of the group's venture into decentralized organization is expected to enhance its success.

The campaign, created by Jules L. Klein advertising agency of Pittsfield, is based on the theme: "Now! Boston is nearer . . . wherever you are. A large illustration in each ad will introduce and identify the management of each of 13 regional offices. An outline map of the U. S. in each ad locates the regional offices, 44 principal branch and service offices and managing general agencies.

Travelers Raises Three

Travelers Indemnity has elected Richard W. Kamman secretary of the casualty underwriting department in the fidelity and surety division where he will work with J. C. Smith, second vice-president, in fidelity lines. William G. Hull was named assistant secretary of the division. Everett S. Gledhill was appointed assistant secretary of the compensation and liability department of Travelers, and assistant secretary of the casualty underwriting department of Travelers Indemnity.

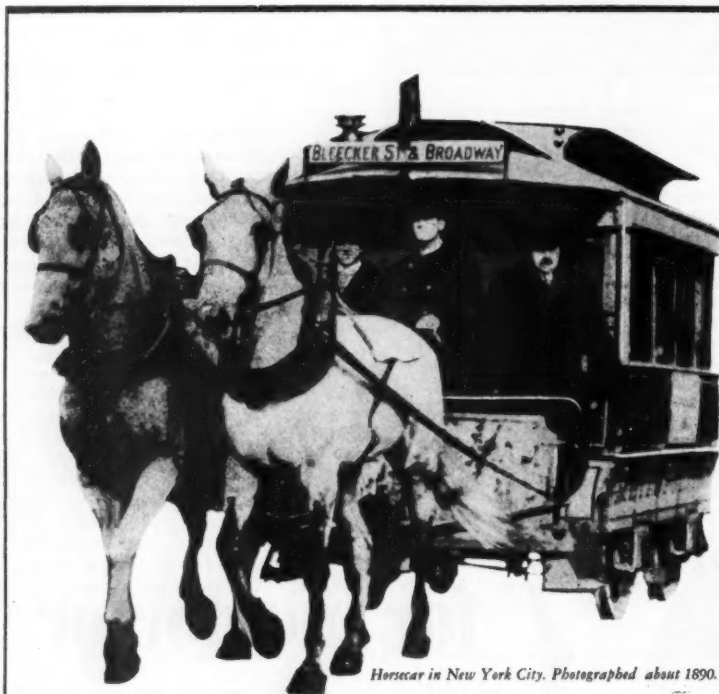
Mr. Kamman joined the group in 1940, became chief underwriter in 1944 and assistant secretary in 1946.

Mr. Hull began in 1938. He was appointed an underwriter in 1943, supervising underwriter in 1946 and chief underwriter in 1949.

Mr. Gledhill, with Travelers since 1935, was made chief supervisor in the compensation and liability department in 1945.

Curb S. C. Adjusters

Commissioner Kelly of South Carolina has prohibited dual representation by adjusters and adjusting firms. His order followed reports of adjusters accepting assignments of both insurers involved in third party liability claims. This practice is inimical to the public interest, Mr. Kelly said.



Horsecar in New York City. Photographed about 1890.

times change

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with our international
cooperation...

consulting brokers to the insurance industry



Stewart, Smith & Co., Inc.

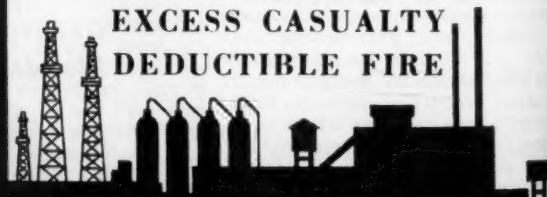
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ALL RISKS COVERAGE

EXCESS CASUALTY
DEDUCTIBLE FIRE



Nationwide service to agents and brokers
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Howard A. Goetz, President

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But especially now, as
your 1959 blueprint is
in preparation.

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be built to fit your exact
requirements.

MULTIPLE LINES

EMPLOYERS REINSURANCE CORPORATION

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NEW YORK

107 William St.

CHICAGO

175 W. Jackson

SAN FRANCISCO

100 Bush St.

Bradford Smith Defends Deductibles, All Risk Covers In Talk To Buyers

Bradford Smith Jr., executive vice-president of North America, declared that withdrawal of all risk covers from the market is not the solution to problems encountered by hard pressed underwriters of these forms. In his talk at the annual meeting of American Society of Insurance Management at Chicago, he disagreed with Albert I. Mezey of New York who recently

urged companies to abandon the all risk field.

Mr. Smith said the business has "fortunately" advanced too far in this area to turn back, and cannot afford to throw away the valuable experience already gained. Moreover, buyers have the right to expect American underwriters to do their utmost to provide facilities for business needs.

There is no need for any underwriter to venture against his better judgment, but he must not be allowed to keep other underwriters from doing so, Mr. Smith said. The path must be left open for invention, innovation and progress. In this way the rewards will go to those who are able to surmount the problems of future underwriting requirements. To meet the needs of buyers, underwriters must have freedom under rate regulatory laws to venture, for that is the only testing laboratory available to insurers. If

this privilege is shut off by unyielding and unenlightened regulations, or if regulation responsive to the advocates of the status quo is imposed, insurance progress will be retarded to the pace of the slowest tortoise in the race. Buyers should make their needs known. If insurance regulation is to be truly responsive to buyers' needs, they must be articulate in demanding freedom for underwriters to provide a market.

Demand Not Recognized

Mr. Smith said that a substantial number of influential underwriters are unalterably opposed to all risk covers and to deductibles, and have even sought to keep other underwriters from offering them. Actually, there is a greater demand for these covers than is recognized by underwriters in the traditional American market, and intelligent effort should be made to solve the grave underwriting problems raised by these difficult and misunderstood forms. Since the American market has been reluctant to offer these forms, they have been left largely to the foreign, non-admitted market which operates in a loosely regulated area, Mr. Smith pointed out. However, where the rate regulatory laws do not inhibit freedom to initiate and innovate all-risk forms, many American underwriters have enthusiastically gone about developing them, as in California, where they were first generally available to merchandisers. The "subsequent disapproval" provisions of the California rate regulatory act, coupled with the multiple line powers permitted in that state, put its underwriters far in the lead in offering these forms to commercial interests.

Varies The Description

The new coverage designed to meet the requirements of merchandisers is more aptly described as commercial multiple line than inland marine, Mr. Smith said. Objections to this development or the use of deductibles did not ring true to those who believe that the American market should do its utmost to find a way to satisfy the reasonable requirements of customers, he declared. It seemed more likely that the opposition really had its roots in a fear of competition which might follow a loss of control by their rating bureaus over new policy forms and rating principles.

This attitude was perhaps best expressed, Mr. Smith observed, by one prominent exponent of the bureaus who said in a report to a national industry trade association in 1950: "I

(CONTINUED ON PAGE 41)

34 NEW DRIVOTRAINER CLASSROOMS

*12 purchased wholly or in part by local insurance associations as a public service



This 12-place Drivotrainer Classroom in Stamford High School, Stamford, Conn. was purchased by the Stamford Insurance Board in 1957. Already it is paying off in better driver safety . . . and better public relations.

IN 1957 AND 1958, these 10 local associations of insurance agents purchased — or helped to purchase — new Aetna Drivotrainer classrooms . . . all making outstanding contributions to their community accident prevention programs:

Connecticut: Stamford Insurance Board; Florida: Greater St. Petersburg AIA; Iowa: Cedar Rapids AIA, Des Moines AIA, Davenport AIA; Montana: Helena AIA; Oklahoma: Oklahoma City AIA (3 new ones, now 5 classrooms donated since 1955); Texas: Houston AIA; Washington: Spokane AIA, Walla Walla AIA.

In Drivotrainer Classrooms each car is equipped with the instruments and controls of a real automobile. The system employs motion pictures to simulate actual driving conditions and a master scoring device records each student driver's actions — both correct and incorrect. Combined with on-the-road instruction in dual-control cars, such classrooms make it possible to train up to 50% more students per teacher per year and save up to 30% in cost per pupil. Research studies also show that the Drivotrainer improves students' driving attitudes, safety habits, and judgment in emergency situations.

For further data on the Aetna Drivotrainer, write to:

Information and Education Dept.



**AETNA CASUALTY
AND SURETY COMPANY**

Affiliated with Aetna Life Insurance Company • Standard Fire Insurance Company • Hartford 15, Connecticut

Development of the Drivotrainer was financed by the Aetna Casualty and Surety Company as a contribution to education, and highway safety.

Aetna Casualty has no financial interest in the sale of Drivotrainer equipment but continues its public service support of the program through production of Drivotrainer films and other teaching aids, assisting in teacher training, and supplying an educational liaison service to Drivotrainer users.

Drivotrainer equipment is manufactured, sold and serviced by the Automatic Voting Machine Corporation of Jamestown, New York.

MIDWEST CASUALTY ADVERTISING SALES PROMOTION MANAGER — \$10,000

Fifty year old Midwestern Stock Company, outstanding financial rating in "Best's", assets above \$25,000,000 mark. This Company is in the category that many men visualize as offering greater advancement potential and wide scope of administrative authority.

Area of responsibilities: planning, organizing, developing, and controlling Advertising and Sales Promotion Department.

Company requires following qualifications: a tangible creative and advertising sales promotion experience in the insurance industry. Reasonable technical knowledge Fire and Casualty (emphasis on Auto). Proven experience in handling layout, production and media placement. Age range twenty-eight—forty, college graduate and a minimum of six-eight years advertising background. Must be willing to travel when necessary on market research and sales promotion projects.

All inquiries handled confidentially. Contemplating a change of positions? Receptive only to unusual opportunities? Write for HOW WE OPERATE. No obligation to register.

FERGASON PERSONNEL

INSURANCE PERSONNEL EXCLUSIVELY
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Harrison 7-9040

Insurance Anti-Trust Hearings May Be Off Until Early Next Year

The Senate anti-trust and monopoly subcommittee hearings on insurance, which were expected to resume shortly after election, may not reconvene until January, according to committee sources.

Sen. O'Mahoney is in Wyoming and may not return to Washington until the new Congress meets.

Stern Appointed N.J. Deputy Commissioner

Commissioner Charles R. Howell of New Jersey has appointed Lawrence E. Stern of Jersey City deputy commissioner to succeed T. A. McNicholas, who will return to his former post of chief examiner Nov. 28, for reasons of ill health. Mr. Stern has been deputy attorney general, assigned to the department of banking and insurance for more than two years. Previously he was legal assistant to Judge John Bigelow, of the appellate division of the superior court and earlier served in a similar capacity with County Judge John Drewen of Hudson county.

Commissioner Howell has appointed Herman Hanssler, Murray Hill, N. J., as chief of the license division of the insurance bureau.

Hartford Fire Promotes Glover In New York

Hartford Fire group has appointed James N. Glover manager of the compensation and liability department at New York. He succeeds Edward M. Ozanick, who has been appointed Hart-

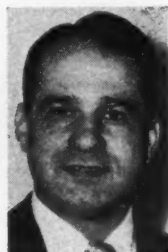
ford Accident manager at Newark. Mr. Glover joined Hartford Accident in 1928 as a compensation and liability underwriter. He was promoted to assistant manager of the department in 1949 and associate manager in 1954.

Pastor Agency Names Alberico, Incorporates

The Louis J. Pastor & Co. agency, Insurance Exchange building, Chicago,



Louis Pastor



J. G. Alberico

has incorporated and has named J. G. Alberico as executive vice-president. The agency was formed about a year ago.

Louis Pastor, president, began in insurance at Chicago with Hartford Accident in 1942, was for some time with Excess Underwriters, later with Universal Mutual Casualty and most recently, before forming his own agency, with Reserve as casualty department manager.

Mr. Alberico also started in insurance with Hartford Accident at Chicago, was with Geo. F. Brown & Sons and most recently was underwriting manager for Griffiths, Tate.

The agency specializes in transportation, reinsurance and surplus lines.

N. Y. Issues Revised Coverage Rules For Automobile Liability

The New York department has issued its regulation (35-A) covering the revised minimum provisions for auto liability policies under the compulsory law. Several changes in the laws affecting auto liability coverages were made in the last legislature, effective for 1959.

Major change is that the uninsured motorist endorsement is now manda-

tory in all such coverage issued on New York motorists. This resulted also in a change in the disclaimer provision. Under the new regulation, the coverage must provide that if the insurer is going to disclaim liability, it must notify insured.

Another change in the law, which is embodied in the revised provisions regulation is to extend from 10 to 20 days notice of cancellation by the insurer. However, the time for notice remains at 10 days for cancellation because of non-payment of premiums.

So New—So Different— You've NEVER Seen a Hospital Policy Like This One!

American Casualty's NEW PROTECTOR HOSPITAL POLICY

- ① **WILL NOT BE CANCELLED** because of deterioration of health!
- ② **NO LIMIT** to the number of days of hospital confinement!
- ③ **90-DAY NURSING HOME** benefit!
- ④ **GREATLY IMPROVED SURGICAL SCHEDULE** that includes Dental Coverage!
- ⑤ **OUT-PATIENT TREATMENT** benefit includes not only first aid but other costly out-patient services not previously covered!

PLUS these maximum benefits:

- \$25** Daily Hospital Room and board
- \$500** Hospital General Expense
- \$500** Surgical Schedule

Check the list again. Don't you agree that you have NEVER seen so many new and unusual features combined in one Hospital Policy? It's the finest Hospitalization program ever offered by the American Casualty Company... quality from start to finish... with the realistic limits your policyholders need today. May we send complete information? Just fill in and mail the coupon.



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Please send information kit on the NEW PROTECTOR HOSPITAL POLICY.

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Address _____
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BONDS**

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ATLANTA

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Mid-Union Indemnity Opens K.C. Office

A Kansas City regional service office has been opened by Mid-Union Indemnity of Elgin, Ill., the insurer specializing in the transportation industry.

Kenneth Lewin, formerly assistant manager of Mid-Union underwriting, has been named Kansas City manager, and Gerald L. Tooley, formerly a supervisor of Farm Bureau Mutual of Missouri, has been named claims manager.

AFIA Film Is Widely Shown, Available Free

The film, "A Worldwide Insurance Venture," prepared and made available a year ago by American Foreign Insurance Assn., has had 560 showings to a total audience of more than 32,000. In addition, it has been shown a number of times in foreign countries where AFIA operates.

The film has had a fine reception from many organizations, including those not directly concerned with insurance, since it not only describes

the efforts of American insurers to provide protection abroad but also contributes to a better understanding of conditions around the world.

Film Is In Color

The 16 mm. sound-color film, 15 minutes long, is available without charge, except for return postage, to organizations in insurance, education, international commerce and trade, etc., by writing AFIA at 161 William street, New York 38. The picture was written and directed by Helmut Kimpel, public relations manager of AFIA.

\$2 Million Loss In N.Y. Ground Plane Crash, Two Planes Destroyed

The spectacular ground crash of two planes at New York International airport resulted in more than \$2 million damage, according to Aero Associates. The crash occurred when a Seaboard & Western Airlines cargo plane, covered by Aero, went out of control on take-off and careened into a Trans-Canada airliner. Both planes were completely destroyed. Neither was carrying cargo or passengers at the time. Hull damage to the two planes amounted to approximately \$1 million each.

Oregon Assigned Risk Holds Annual Meeting

W. A. Brunton, Farmers Insurance Exchange, was elected chairman of the governing committee of Oregon Automobile Assigned Risk Plan at the annual meeting held in Portland.

Elected as members and alternates of the governing committee were National Bureau of Casualty Underwriters—John W. Ekstrom, Hartford Fire, and Paul Barrow, Standard Accident, alternate; non-affiliated stock companies—E. R. Barton, American group, and Harold F. Torkelson, Peerless, alternate; Mutual Insurance Rating Bureau—J. L. Frederickson, Employers Mutual Liability, and Charles E. Sweet Jr., Lumbermen's Mutual Casualty, alternate; non-affiliated mutuals—Edwin B. Nelson, State Farm, and Glen W. Halvorson, State Farm, alternate; reciprocal inter-insurance exchanges—Lowell E. Buys, Farmers, and Mr. Brunton, alternate.

M. View, manager, reported 11,237 new applications and 11,279 renewals applications processed through the fiscal year June 1, 1957 through June 30, 1958. There was an increase in new applications of 25% over the previous year. According to the manager's report, a total of 14,738 policies were issued, which was an increase of 18% over the previous year. Of the policies issued, 61% required certification with the state of Oregon.

Total net premium developed for the year was \$1,113,719 and the loss ratio on business written for the calendar year was 111.8%.

Boston Appoints Gibson

Boston has appointed John B. Gibson, casualty manager for New England. He joined the company in 1952 and was appointed regional senior casualty underwriter in 1957.

Three Texas Associations Elect

New officers of local associations of the Texas Assn. of Insurance Agents include the following:

Beaumont: Leo Moll, president; Lum Edwards Jr., vice-president; Herman Crocker, secretary, and Miss Mary Doug Stephens, executive secretary.

Lubbock: Pat Garret, president; Groves Denman, vice-president, and A. C. Sanders Jr., secretary.

Sherman: Paul D. Carter, president; Frank Hare, vice-president; Robert Gilbert, secretary, and Bill Cowen, treasurer.

Schiff, Terhune & Co., New York brokers, has elected John P. Ross and Andrew D. Fols assistant vice-presidents. Both have been with the firm since 1949.



To the Man who wants More in the Bank

Here's one sure way the agent with extra time on his hands and a hankerin' for more money in the bank—can put the two together.

Combined has a quality Personal Compensation Plan designed for the self-employed, partners and corporation officers. It's been tested and proven highly acceptable to executive prospects. This plan pays excellent commissions and is the practical type of coverage

you would expect from the world's second largest exclusive accident and health company.

In your study of this plan we believe you will find the special renewal provisions and exclusions particularly interesting.

Take a moment to fill in and mail the coupon below. We'd like to show you how our Personal Compensation Plan can help better your earnings.

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W. CLEMENT STONE, PRESIDENT
5316 Sheridan Road, Chicago 40, Illinois

Mail
this
Coupon
now!

Combined Insurance Co. Of America, Dept. 146
5316 Sheridan Road, Chicago 40, Illinois

Gentlemen: I am interested in details about
Combined's Personal Compensation Plan.

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What we mean by **CLAIM SERVICE**



When we speak of our coast-to-coast claim service network we're talking about exclusive State Farm agents and full-time salaried State Farm field claim representatives. There are 9,000 of these men in the field (although we could squeeze only 7,000 dots onto the map). Thus, each agent knows his policyholders will continue to enjoy "Hometown Claim Service" even when far from home. We believe this kind of claim service is one reason why over 5 million motorists now insure with State Farm.



For information on any aspect of State Farm operations, write Director of Public Relations, STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY. Home Office: Bloomington, Illinois

Nuclear Supplier's Policy Is Described

(CONTINUED FROM PAGE 4)

damage caused by the radioactive, toxic, explosive or other hazardous properties of source material, special nuclear material or by-product material while such material is within the U. S., its territories and possessions.

The coverage is excess over the insurance available to the insured under a facility policy or under any other form of insurance except the concurrent supplier's policy issued to the

named insured by the opposite pool. All policies written by the same pool and applicable to the same occurrence or series of occurrences are subject to the limitation that the pool's capacity cannot be exceeded no matter how many policies may apply and no matter what the aggregate total of the limit of liability stated in each of the policies may be, Mr. Yount said.

The supplier's policy does not apply

to any nuclear incident arising out of nuclear materials while at any nuclear facility owned or operated by the named insured or occurring during the course of transportation of nuclear materials shipped from a nuclear facility owned or operated by the named insured, or to such a nuclear facility from a nuclear facility owned by the U. S. This coverage is given by the facility coverage form.

In its basic form the supplier's policy does not apply to loss or expense with respect to which the insured is entitled to government indemnity from the

Atomic Energy Commission pursuant to the Price-Anderson bill, or to loss or expense which is within the financial protection required of any nuclear facility and available to the insured, Mr. Yount pointed out.

He added that the companies contemplate the possible optional waiver of this exclusion upon payment of additional premium. "The purpose of the policy is to provide for those engaged in the commercial development of atomic energy, excess coverage over the coverage provided by a facility policy when there is no government indemnity and primary coverage in cases where there is no facility policy involved," he said.

Difficulty Is Described

In the development of a supplier policy the most difficult problem was to find a method under which the maximum possible protection would be given every buyer of a supplier's policy and which would not expose either pool to the risk of cumulation of liability in excess of its capacity, Mr. Yount declared. Various devices were considered which were designed to make certain that each pool's aggregate liability under several supplier policies, and one or more facility policies, all applicable to the same occurrence would not exceed the pool's capacity. "We finally adopted what may be termed the 'single pool straight excess' approach under which each pool limits its aggregate liability under all supplier's policies applicable to one occurrence or series of occurrences to the lesser of two amounts:

"The sum of the limits of liability of all supplier's policies applicable to such occurrence or series of occurrences of that pool's capacity minus the sum of the limits of liability stated in the declarations of the pool's facility policies applicable to such occurrence or series of occurrences."

Certain Defects Noted

Although the "single pool straight excess" approach is the best method of making the maximum amount of insurance available to suppliers and, at the same time, making it reasonably certain that pool capacity will not be breached by cumulation of liability under several policies, opined Mr. Yount, "we recognize that this approach has certain defects from the standpoint of a supplier." Two main defects were given as the fact there is no supplier's coverage available with respect to a facility which has purchased a total of \$60 million coverage from both pools, and the total amount of coverage available from either pool to all suppliers with respect to a particular facility is that pool's capacity, less the limit of liability stated in the declarations of any policy issued by that pool to such facility.

Since the supplier will not know when he buys his coverage the facilities with whom he will deal or where his equipment will be used, he faces the question of whether to place his coverage with a pool with the greater capacity or whether to buy a substantial policy from each pool. In any case the supplier can count on the cooperation of both pools in securing for him the maximum amount of coverage available to him with respect to that facility, the speaker emphasized.

At the present time each syndicate has been binding supplier's coverage subject to a maximum combined limit of \$10 million, this being because of reluctance to issue binders in more substantial amounts for policy coverage which has not yet been approved, he pointed out. With the filing and ap-



"Relax, man! Write your comp and liability with Bituminous and you won't need those!"

Beat competition with Bituminous!

We can't guarantee to take all the headaches out of the agency business. But we can put you in a better competitive position to write—and hold on to—those big comp and liability premiums.

Bituminous' rating plans and—more important—Bituminous' methods for applying them, offer your important client the protection he has to have at a cost he will find attractive. Get set with Bituminous and see.

Bituminous



CASUALTY CORPORATION

Bituminous Fire And Marine Insurance Company
ROCK ISLAND, ILLINOIS

Specialists in Workmen's Compensation and Liability Lines

approval of a proposed policy form, each indicate will be in a position to write supplier's coverage in the amount desired up to a maximum of its capacity.

Mr. Yount said with the completion of a supplier's policy form and the extension of underwriting capacity, there appeared two principal areas remaining for which no coverage exists: There is no coverage presently available for the supplier with respect to damage which his product might cause to a nuclear facility; while his general liability policy continues to cover non-nuclear damage, the nuclear damage is excluded. The second area is coverage outside the U. S. "Where foreign contracts involve construction of nuclear facilities, or installation of major reactor components, or the operation and testing of such facilities or equipment, the problem is most serious," he was declared.

The U. S. supplier would like an adequate automatic liability insurance market to meet his foreign needs, Mr. Yount said. Substantial limits of liability for foreign coverage require bringing together much of the international insurance capacity. This means national pools exchanging reinsurance with each other. "To make such an arrangement work with the barriers of language and law requires time and patience as well as the willingness to attempt it. The limited volume of foreign nuclear insurance protection required at this time furnishes a lack of incentive to speed the creation of a broad market," he averred.

Developing Foreign Capacity

"Under these conditions the U. S. pools are attempting to develop a limited capacity for foreign products liability," he said. "Such coverage may be limited in amounts to perhaps \$5 million and \$10 million and may have to be extended on an indemnity basis. . ."

Mr. Yount emphasized that the situation is developing slowly but the industry is keenly aware of the problem and working toward a solution. "We are certain that available capacity for foreign exposures will increase gradually."

Earlier in his talk Mr. Yount gave report on nuclear insurance liability capacity as to policies on facilities. He pointed out that the combined available capacity \$60 million of the two syndicates, stock and mutual, has been reached and coverage is currently being issued in this amount. Foreign insurance amounting to more than 2% of the total capacity has been consumed by contract and currently the stock syndicate is issuing coverage for \$4,500,000 and the mutual syndicate for \$13,500,000, which amounts are respectively 77.5% and 22.5% of the aggregate \$60 million capacity.

United Adjustment Merges Its Texas Unit With Taylor-Scott

The Texas operations of the United Adjustment of Kansas City are being merged with the Taylor-Scott organization of Houston and the new firm will be known as Taylor-Scott United Adjustment. United had been handling Texas operations out of the head office.

The Houston office of United will merge with Taylor-Scott, as will the Dallas office. A. B. Taylor will be president of the expanded Texas organization, and the other officers will be D. O. Scott, G. B. Martin and Will Ashman.

Massachusetts Plate Glass has been licensed in Indiana.

New Ill. Law Produces Headaches For Users Of Brand And Label Clause

At a recent meeting of Western Loss Assn., Lloyd W. McNally, general manager of Underwriters Salvage Company of Chicago, said certain brand and label clauses of the insurance contract were now in violation of Illinois law.

He pointed out that some brand and label clauses permit an insured to strip the labels from canned goods. The Illinois revised statutes read: "The removal of original label from any can or package of food makes said can or package misbranded . . . and its possession, control, or sale—either retail or wholesale—is prima facie evidence that it is misbranded and shall be cause for prosecution. "The original label of any damaged cans or packages of food may be stamped 'Damaged,' 'Salvage Merchandise,' 'Railroad Salvage,' or 'Fire Damaged,' in letters at least one-quarter inch in height, provided the contents are not adulterated."

It was brought out by Mr. McNally

that the use of brand and label clause which was recommended by Inter-Regional Insurance Conference a short time ago, would offer better protection for the insurers, and would comply with state and federal laws. It reads: "In consideration of additional premium and the attachment of this clause as a part of all policies covering the insured property, it is agreed that if branded or labeled merchandise covered by this policy is damaged, and the insurer elects to take all or any part of the property at the agreed or appraised value, the insured may at his own expense (1) stamp 'Salvage' on the merchandise or its containers if such stamp will not physically damage the merchandise; or (2) remove the brands or labels if such removal will not physically damage the merchandise, but must relabel the merchandise or containers in compliance with the requirements of law."

A. F. Irby & Co., Atlanta general agency, has appointed Gene Brown manager of the casualty department. Fred Myers, former manager, has assumed other duties with the firm.

Casualty & Surety Club Of N. Y. To Hold Xmas Party Dec. 10

Casualty & Surety Club of New York will hold its 50th anniversary Christmas party at the Waldorf-Astoria Dec. 10. This is the tuxedo affair of the casualty and surety business year in New York, and it always attracts a lot of out-of-town people. The first one was held in 1908, which goes back to almost the beginnings of the casualty business.

Joseph M. Pernollet of Employers Liability is chairman of the entertainment committee for the affair, and Vincent T. Schuster of General Re is handling reservations.

E. W. Blanch Joins Father

E. W. Blanch Jr. has joined his father in Reinsurance Services of Minneapolis, the organization which specializes in the brokerage of reinsurance plans.

E. W. Blanch Jr. is a graduate of the University of Minnesota and has had company experience. His father has been in the business for 25 years.



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No, we don't insure Swiss mountain climbers—but we do have the finest coverage you can get on these items, to name just a few:

LONG HAUL TRUCKS • BUSES
PRODUCTS • GENERAL LIABILITY
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ANHYDROUS AMMONIA

Our automatic treaties combine, on a quota share basis, American Stock Companies and Lloyds, London providing maximum strength and security. Contact any of our ten offices for quick information.

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70 Fairlie Street, N.W.

LOS ANGELES, CALIFORNIA
2412 West 7th Street

ST. LOUIS, MISSOURI
111 North 4th Street

CHICAGO, ILLINOIS
208 South LaSalle Street

LOUISVILLE, KENTUCKY
444 South Third Street

SALT LAKE CITY, UTAH
1315 Continental Bank Bldg.

DALLAS, TEXAS
2506 Cedar Springs Ave.





Old Mother Hubbard went to the cupboard

To get her poor daughter a dress,

But when she got there, the cupboard was bare,

And so was her daughter, Bess!

She couldn't feel gay, no insurance had they,

"It's my fault," she told her neighbors,

But they made her see that G. F. & C.

Would protect 'gainst other invaders.

Now the moral is clear, for agents to hear:

Cover clients today, not tomorrow!

Don't let them be cross with an uninsured loss;

If you do, they'll have grief, you'll have sorrow.

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Convention Dates

Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.

Dec. 7-8, Arkansas Assn. of Insurance Agents, midyear, Hotel Lafayette, Little Rock.

Dec. 9-10, Insurance Advertising Conference, midyear, Sheraton-McAlpin Hotel, New York City.

Dec. 10, Eastern Underwriters Assn., annual, Biltmore Hotel, New York City.

Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt Hotel, New Orleans.

Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle Hotel, Chicago.

1959

May 6-9, National Assn. of Independent Insurance Adjusters, annual, Shamrock Hilton Hotel, Houston.

May 11-14, National Assn. of Insurance Brokers, annual, New York City.

Great American In N.Y., N.J. Field Realignment

Great American has appointed Raymond J. Nice special agent for western New York with headquarters at Buffalo. He succeeds Robert W. Zoller who went to Philadelphia as service office manager. Mr. Nice was most recently with Fireman's Fund at Buffalo after prior experience with New York Fire Insurance Rating Organization.

William R. Nock, casualty special agent for central and western New York, will be associated with Mr. Nice at Buffalo. He was formerly at Syracuse.

In New Jersey, John M. Gallina has been named special agent for Middlesex, Mercer and Monmouth counties with headquarters at Newark. He was formerly in Hudson and Union counties which will now be taken over by Joseph P. Trost, field supervisor, who also continues in charge of Essex county. Mr. Trost will be assisted by Thomas L. Flanagan, formerly special agent in other northern New Jersey counties.

Vincent F. Lucas, casualty special agent in Bergen and Passaic counties, has transferred his headquarters from Newark to Ridgewood.

Hear Booth At Indianapolis

William E. Booth, vice-president of Cherokee of Nashville, was the principal speaker at the all-industry luncheon sponsored by the Indiana chapter of CPCU in Indianapolis Nov. 19. George B. Whitford, vice-president of Reliance at Madison, conferred awards on five new members. Donald Dean, vice-president of City Securities in Indianapolis and president of the Indiana chapter, presided.

State Farm Names Four

State Farm Mutual has appointed Frank Kohl manager for western Cleveland, Glen DeLamater for north Toledo, Wilburn Willis for south Dayton, and Oka Nichols for Mansfield, O.

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President

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Pets Get Brush-off, Rug Claims Cleaner Under New HO 5

ATLANTA—Pet damage is excluded in the personal property cover of the new homeowners form 5, the deluxe package which replaces homeowners policy C in the program approved November 17 by the Georgia insurance department. The exclusion, aimed at a frequently troublesome and, for many claim men, disconcerting type of loss, turned up in the filed edition of this form. It was a relatively late addition, apparently, since none of the publicized earlier proofs contained it.

Well Furnished Room Noted

Applying only to coverage C—the personal property feature—the exclusion refers to "loss by animals or birds owned or kept by an insured or by a resident employee of an insured, unless fire, explosion or 'smoke ensues,' with the customary provision for coverage of such ensuing damage.

Probably the most common example of this kind of trouble is damage to rugs, carpeting and furniture by pets whose physical training for presence in a well furnished room is questionable." For quite some time, this type of loss was paid under the personal property floater and homeowners policy C without too much argument. However, as claims multiplied, particularly second and additional claims from the same insured, often involving the same animal, inland marine adjusters and loss executives began to take a dim view of the entire question.

It began to come up as an argument that such damage is not accidental. This is what one must expect of an animal. Special criticism was aimed at payment of such losses involving young, untrained animals which were left by themselves for hours or longer. The repetitious claim was particularly irritating, sometimes resulting in cancellation at the request of the company. A respectable number of companies which had at first paid these claims without much argument were reported to have stiffened and to have denied all or almost all of them.

Arguments Over Deductible

Arguments over pet damage also involved the \$50 deductible of homeowners policy C. Some companies, unwilling to issue a flat denial, have insisted upon applying the deductible to each "occurrence" of pet damage, sometimes clearly measurable by the number of spots. (The argument sometimes ran into the difficult counter-argument that one spot was enough to make the rug nothing but salvage, hence, that the deductible should be applied only once.)

The new exclusion should be helpful, but there are still some questions. Suppose the damaged property is part of the building, as, for example, wall-

to-wall carpeting installed in place of a finished floor? At least one claim is known to have been made alleging additional living expense as a result of pet damage, though it is also understood the insurer denied coverage.

Another logical question is whether a similar exclusion will be adopted for use with the personal property floater. When homeowners form 5 first appeared in proof, the fact that it contained the new uniform water exclusion—flood, surface water, sub-surface water, sewer back-up, etc.—applying even to personal property at locations owned or rented by the insured caused immediate speculation about the future of the PPF on this score.

According to the latest reports, the January filing of Inland Marine Insurance Bureau includes a revised PPF which does contain the sweeping water exclusion, quite a substantial cut in coverage. The pet damage exclusion is reported not to be included in that filing, but there is strong sympathy for it in various quarters and some observers believe it will be added in short order.

Form Surplus Lines Association In La.

Surplus lines brokers have formed Louisiana Surplus Line Assn. with L. K. Giffin of Southern Marine & Aviation Underwriters as president; W. N. Daniel of Querbes & Bourquin vice-president; and Thomas Q. Winkler of the Winkler agency secretary-treasurer.

Directors are Elmo Rodrigue of Cravens, Dargan & Co., George Martin of Martin-LeBreton agency, Felix Burnette of Swett & Crawford, and Messrs. Daniel, Giffin and Winkler.

Commissioner Hayes stated that the new association will fulfill a vital function in establishing operating standards in the state.

Fla. Public Adjusters Can Look For Business

Florida supreme court has upheld a lower court's ruling that a public adjuster can solicit business personally as well as advertise his services. The decision invalidates a state statute prohibiting public adjusters from personal solicitation of clients, while granting other types of adjusters this privilege.

The state insurance department contended that the law was a reasonable regulation of a business affected with the public interest.

Wisconsin NACCAs Elect

MILWAUKEE — The Wisconsin chapter of National Assn. of Claimants Compensation Attorneys has elected I. D. Gaines of Milwaukee as president, Vaughn Conway of Baraboo as vice-president, and C. L. Glazewski of Milwaukee as secretary.

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Central Mutual Takes Agents To Polls

Central Mutual has released the results of its poll of agents on vital current topics. The agents voted at the recent National Assn. of Mutual Insurance Agents convention at New York on an actual voting machine the company installed at the meeting. Questions were posed on a ballot resembling that used in political elections. This novel device drew a total of 352 agent voters of whom 156 represent Central Mutual. Voters represented about 50% of agents attending the meeting.

On the issue of narrowing margins between agency companies and competitors, 50% of the agents favored premium with application, 46% were against flat cancellations, 43% favored company writing of new policies, 39% thought the company should bill insured on renewals, and 30% approved a competitive cost plan with lower commissions. On over-all plan of operation, 57% preferred the dividend plan to deviations.

A question on the desired frequency of special agents' calls highlighted current differences of opinion in the business on the field man and his value to agents. A call every 30 days was favored by 35%, every 60 days by 51%, and calls only as needed or no calls at all by 14%. The latter figure indicates that some agents wish to be completely independent of field men. Although only 156 Central agents voted, 159 voters indicated that the company's special agents are above average.

Central Advertising Excels

The vote on advertising showed that 80% desire coverage stuffers, 85% favor sales presentation pieces, 68% like cooperative billboards, and 68% want window displays. Of Central agents voting, 94% use the company's direct mail material, and 43% of all agents use other direct mail. The high percentage of agents using Central's direct mail reflects the company's achievement in winning the premier award for national direct mail campaigns presented by National Advertising Agency Network. Entries were submitted by more than 300 competitors in the U.S. and Canada. The com-

N. Y. Adjusters Elect

New York Assn. of Independent Insurance Adjusters has elected to the executive committee Paul S. Dreux, for automobile; Vincent Scully, casualty; Anthony C. Gibbs, inland marine; Sherman Thursby, aviation; John J. McAndrews, fire, and Walter Towe, ocean marine.

Committee members named are L. B. Hazzard, liaison; Harold Nagelsmith, membership; Harold Daynard, education; George Alexander, grievance; Harold J. Smith, publicity; Felix J. McAndrews, catastrophe; Edward R. Reilly Jr., roster; and Reinhold L. Hoercher, nominating.

Charles R. Mead of Albany was elected to the legislation committee, and B. L. Jones of Buffalo, Joseph Robillard of Watertown, and C. F. Regan Jr. of Slingerland to the regional committee. All other committeemen are from New York City. George I. Gross of Powers, Kaplan & Berger, New York attorneys, was appointed advisory counsel.

Northwestern Mutual of Seattle has moved its eastern department headquarters from New York City to 330 Main street, Chatham, N. J. Manager of the new office is H. A. Orders.

pany also took first place over 200 entries in the fifth district in the competition sponsored by Advertising Federation of America.

Central merchandises its direct mail to producers. The programs are announced and then introduced in person by field men. They assist agents in deciding on the extent of the mailing list which can be sensibly serviced and followed up. Furthermore, the company charges agents a proportionate share for the cost of these campaigns. The results are best measured by the fact that most producers sign up for the programs every year.

Central followed up its voting innovation at the convention with a letter to all agents who visited the company headquarters at the meeting, enclosing the poll's results.

Three Unite To Fight Irresponsible Motorist

(CONTINUED FROM PAGE 1)

money relief for the victims of the irresponsible motorist. This program has that objective but in addition is also aimed at prevention of the human misery produced by highway accidents.

Asked if the program were going to be publicized in the newspapers and other media, J. W. Joanis of Hardware Mutual Casualty said that since parts of the program being advocated are in effect in some states, publicizing would be done on a state-to-state basis.

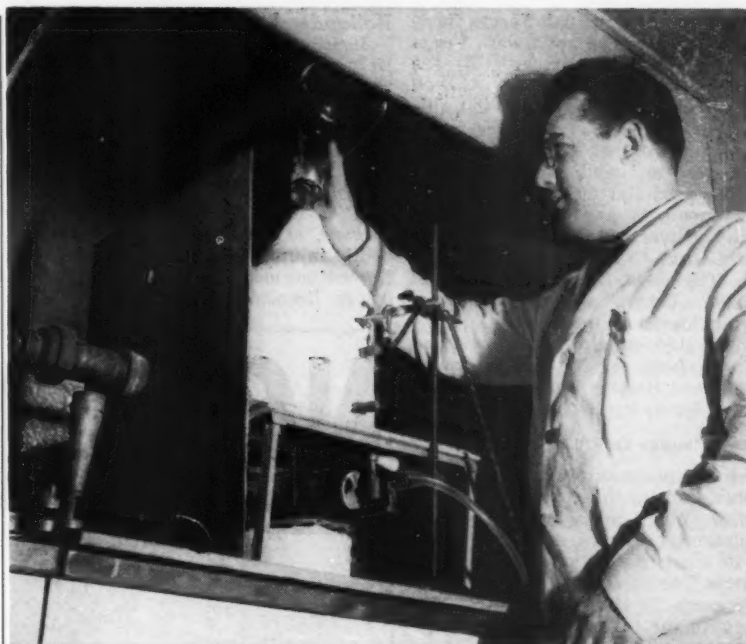
Franklin J. Marryott of Liberty Mutual suggested that if the program gets the support of the insurance business and press, influence would be exerted on public attitude. This is a long term program.

George Hanson of National Assn. of Insurance Agents asked if the group planned to consult with state agents' associations before promoting the program in the states. Marcus Abramson of Assn. of Casualty & Surety Companies said that is the procedure that has been followed so far and he was sure the program contemplates the same procedure in the future.

Already Following This Approach

Richard Wagner of the same association said this had already been done in Tennessee and South Carolina, where the irresponsible motorist problem is acute. (In Tennessee the legislative council had just recommended mandatory UM.) Mr. Hanson said that in some states agents have faced a dog-eat-dog situation and that under such circumstances they may need more than this program. Mr. Crawford observed that the business always has run into this.

Thomas C. Morrill of State Farm acted as chairman of the conference, and J. Dewey Dorsett, general manag-



Fires set-to-order reduce insurance losses from smoke odor

Setting fires deliberately to get smoke samples is a safe practice in a laboratory. In this case, Airkem researchers burn complex materials in order to analyze the smoke and find effective methods of removing the particles from contaminated materials.

Airkem Smoke Odor Service has found that smoke odors have different characteristics depending on the type of substance burned. Smoke odors are difficult to remove, sometimes impossibly stubborn, but through Airkem's specialized knowledge and treatment all traces can be removed. For this reason Airkem smoke odor research has developed a variety of products and techniques which assure safe, thorough removal of smoke contamination.

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of 200 local Airkem representatives offers the insurance industry—company men, agents, brokers and adjusters—day and night service throughout the United States and Canada. These offices are rigidly supervised by the Airkem home office which provides uniformity in effectiveness, pricing and servicing.

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er of Assn. of Casualty & Surety Companies, was host. On hand were Vestal Lemmon, general manager of the independent insurers, and Newell Johnson, general manager of the alliance. All members of the nine-member committee that devised the program were on hand except Manning W. Heard of Hartford Accident. The other members are Messrs. Morrill, Joanis, Oliver, Marryott, Crawford, Kirk, George C. Kline of Allstate, and E. J. O'Brien of Lumbermens Mutual Casualty. Others attending included Clayton Smith of the alliance, Henry Bean of Haddonfield, N. J., president National Assn. of Mutual Insurance Agents, and Barclay Shaw of National Assn. of Insurance Brokers.

Biggest Change In FR Law

The new program places the heaviest emphasis on the financial responsibility law. While many of the recommendations presently are in effect in one or more states, several proposals are new. The objective, of course, is to bring every FR law up to full compliance with the programs.

The new proposals are:

—Extend to the owner (as well as operator) revocation of the license and all registrations, where revocation applies for failure to file proof of future financial responsibility following an accident. This would be done also where there is a failure to provide proof of FR for the future following serious traffic violations. Thus the license of the driver and the registration of any vehicle he may own would be revoked, as well as the license and registrations of the owner.

—Make FR applicable in case of conviction for any (not just some) moving traffic violations.

—Provide for impoundment of uninsured motor vehicles involved in accidents. This is new except for a weak law in California. This provision is designed to encourage motorists to carry liability protection, increase the settlement of claims by irresponsible drivers, and preserve the vehicle for satisfaction of a judgment—an added protection for the victim of a financially irresponsible driver. The recommendation is that the draft of the law contain a specific provision protecting the rights of prior lienholders.

—Require uninsured motorists in accidents to deposit a minimum of \$500 as security. This is new except for New Hampshire. This is aimed to give motorists additional inducement to be financially responsible, it gives better assurance of adequate recovery to those injured or damaged, it will facilitate settlement of claims, and it insures improved administration of the law by eliminating the need of evaluating the damage to property in cases involving damage of less than \$500.

—Impose a \$25 fee for reinstatement of a license suspended under the FR law. This strengthens the penalties against the irresponsible and provides additional needed revenue for motor vehicle departments.

—Require that in all cases in which a person must give proof of financial responsibility for the future, he shall maintain such proof for a minimum of five years. The five years is longer than anything previously required. This would assure the public of longer protection, and will help educate the motorist on the need of protection for his own benefit. The owner of an uninsured vehicle involved in a serious violation would be required to furnish proof of FR for five years even though the vehicle was operated by someone else.

Other proposals are to make the FR

Hollander Promoted By Zurich

Zurich has promoted Robert M. Hollander to superintendent of claims at Los Angeles. He joined Zurich in 1952 at Los Angeles, was transferred to San Francisco in 1957, and became superintendent of claims there in 1958.

law everywhere applicable to all cases involving \$50 or more property damage, as well as in any involving bodily injury. This would provide improved accident frequency data for driver licensing control and present

the motor vehicle department with a more complete picture of the motor vehicle accident problem. This would also provide a broader application of the FR law. Accident occurrence, apart from severity, is of primary concern in driver licensing control, the committee points out.

Another provision would require information as to existence of insurance in accident reports. But further, the commissioner would be authorized to rely upon the accuracy of such information until he has reason to believe

Kelly Advanced At S. F.

Floyd M. Kelly has been advanced by Zurich to superintendent of claims at San Francisco. Mr. Kelly joined Zurich in 1949 at San Francisco after three years with Ocean Accident as an adjuster. Prior to that he had been with General of Seattle. In 1954, he was transferred to Los Angeles as assistant superintendent of claims.

otherwise. This would, the committee believes, provide a more efficient check on financially irresponsible mo-

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THICO: Your answer to competition—Sales experience in business after business proves conclusively that most people—by far—buy *more* and buy *better* when they can pay on convenient terms. Now, with budgeting available through Thico, your Home Insurance "Quality" selling-story carries more weight than ever.

THICO: Your answer to price-resistance—High initial-premium outlay has compelled many individuals and businesses to put limits on the insurance that they buy. Now, through Thico Plan, they can budget insurance costs on a monthly basis. They can pay out of current income. They can afford more *kinds* of coverage, in the *amounts* they really need. Thico breaks through "initial cost" resistance, up-grades your unit sales.

THICO: Your answer to rising costs of agency operation—You have less paperwork to do when you sell on the Thico Plan. No collection worries. More time to develop new business. Look over the many features outlined here—and see how Thico Plan saves time, work, money for *you* and your insureds. USE Thico Plan. For additional details, please call your fieldman.

torists and eliminate unnecessary administrative procedures. It would also improve the information content of accident reports.

World Hold Security Two Years

Security is to be held two years, in absence of settlement of claim, satisfaction of a judgment, etc.

The license or registration would be suspended or revoked for two years, in absence of proof of future FR.

In non-serious violations, require a showing of FR or revoke the license

and registration; and apply the requirements relating to conviction for serious offenses, in case the motorist is convicted of a second non-serious violation within a year of the initial violation.

The program would place the burden of surrendering license and registration on the motorist. Violation of the surrender provision would be a misdemeanor, subject to fine or imprisonment, or both.

Courts would be required to report to the motor vehicle department all

convictions or bail forfeitures of any person charged with violating any law regulating the operation of motor vehicles, except standing or parking. These reports would include information on liability insurance on the offending vehicle. This information is imperatively needed, the committee stated, if headway is to be made in solving the traffic accident problem. It would back up driver reexamination, point system for driver rating, etc. False information about insurance would constitute perjury.

Fowler From Chicago To Houston For Atlantic Mutual

Atlantic Mutual has transferred Henry M. Fowler Jr. from Chicago to Houston, where he will supervise commercial hull and yacht underwriting. He joined Atlantic Mutual in 1946, and served as hull underwriter at the home office until his move to Chicago in 1951.

Full reciprocity with other states would be provided. With ever mounting interstate travel, effective controls over nonresident motorists are of serious concern, according to the committee.

In the field of traffic safety the program proposes more effective enforcement of motor vehicle laws, chemical tests for intoxication, no-fix traffic tickets, a point system of driver control, driver education, firm pedestrian controls, and sanctions on habitual users of alcohol or narcotics. The program stresses the need of driver training in every secondary school for all students. This should be backed by a law prohibiting the licensing of any person who has not completed such a course or passed an examination meeting standards established by state departments of education. Each state should have a law providing financial aid for secondary schools offering standard driver education courses.

Tighter Reins On the Young

The program also recommends tighter licensing requirements for youthful drivers.

Under the heading of improved insurance coverage, the committee's report notes that in addition to automobile liability insurance, the motorist has available for reimbursement of losses, auto medical payments, workmen's compensation, personal accident insurance, hospitalization cover and life insurance. All of these coverages provide protection against the financially irresponsible driver.

However, to provide added protection against the specific hazard of the irresponsible motorist, the business has developed and made widely available forms of coverage "designed to place insured in substantially the same position he would have been had he been injured by an insured motorist."

The move toward a united position on FR matters began last December at a meeting of 30 chief executives of leading auto insurers in Chicago. Succeeding meetings resulted in agreement in principle early this year. A committee of nine then was named, three from each organization, to get up the program. This committee will continue to meet to study implementation of the program state-by-state.

Zurich Moves Schoeneck To Denver Branch Office

Zurich has assigned Edward L. Schoeneck to the Denver branch office in charge of fire and inland marine operations.

Mr. Schoeneck joined Zurich in 1955. He had been with Continental Casualty for eight years prior to World War II. Most recently he has been fire special agent for Illinois, Wisconsin, and northern Indiana.

Liberty Mutual has elected George M. Ivey, president and treasurer of J. B. Ivey & Co., Charlotte, N. C., department store, a director. He will continue on the company's North Carolina advisory board.

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Protects Renewals — The credits developed under Thico's continuous level-payment plans will assist you in the retention of renewals and in the reduction of flat cancellations. These credits are applied against the first payment on renewal, thereby providing continuous protection.

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Increase Sales — Low-cost budget plans providing small and convenient payments will enable your insureds to purchase more insurance protection.

Thico Takes Over Collections — You are relieved of collection and bookkeeping detail after you collect the down payment under the initial agreement. Thico collects all subsequent payments, including first payments on renewals, new policies and additional premiums.

Simplicity of Operation — A simple Premium Payment Agreement is all you are required to prepare initially. Complex forms are eliminated and clerical detail minimized. Easy-to-read rate tables provide all payment information. The premium amount is all you need. The tables do the rest.

The **HOME** Insurance Company

Property Protection since 1853

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds



Increase In Products Claims Calls For Care In Writing Cover, Handling Claims

(CONTINUED FROM PAGE 5)

advertising, sales and labeling operations. Every manufacturer makes certain implied warranties, he pointed out, and in addition most manufacturers make express warranties, through their advertising, sales and labeling operations. There undoubtedly have been cases where the enthusiasm of

sales and advertising departments has created a situation of products liability.

As an illustration, he cited the case of a plaintiff who alleged that the use of a home permanent caused her hair to assume a cottonlike texture and become gummy, that her hair refused to dry, and that when she

tried to remove the curlers furnished by the defendant her hair fell off to within one-half inch of her scalp. The court said that many manufacturers of merchandise, including the defendant, make extensive use of newspapers, periodicals, signboards, radio and television to advertise their products. The worth, quality and benefits of these products are described in glowing terms and in considerable detail, and the appeal is almost universally directed to the ultimate consumer. The

consuming public ordinarily relies exclusively on the representations of the manufacturer in his advertisements. Surely under modern merchandising practices, the manufacturer owes a very real obligation toward those who consume or use his products. The warranties made by the manufacturer in his advertisements and by the labels on his products are inducements to the ultimate consumers, and the manufacturer ought to be held to strict accountability to any consumer who buys the product in reliance on such representations and later suffers injury because the product proves to be defective or deleterious.

Labeling Omissions Dangerous

Lack of proper labeling has produced products liability situations, Mr. Senger continued. In one case the plaintiff sustained contact dermatitis as the result of exposure to aluminum sulfate contained in a certain deodorant. Although the suit was tried in New York, the court was required to look to Massachusetts law, since the sale took place there. The Massachusetts law provided that foreseeability of harm was the determinative element in ascertaining the scope of a manufacturer's liability for breach of duty to warn of harmful propensities of its products. This duty arises even though the percentage of users who are apt to be injured is not large. In this case, the defendant offered evidence to the effect that in the period from 1948 to 1951 only 373 complaints of skin irritation were received, even though over 82 million jars of its product were sold during this period. Despite the "minuscule percentage" of potential customers who would be harmed by using the product, the court nevertheless concluded that the defendant had breached its duty to warn customers of the possible harmful effects which might follow from using the deodorant.

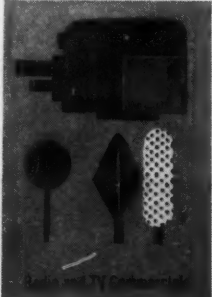
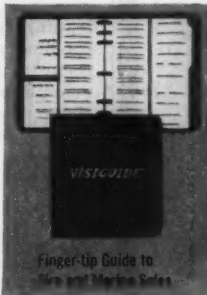
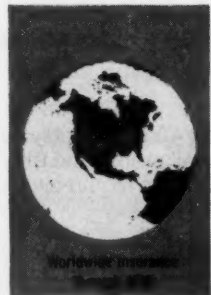
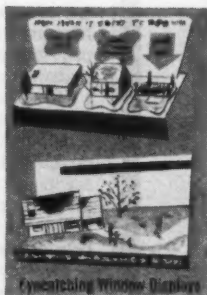
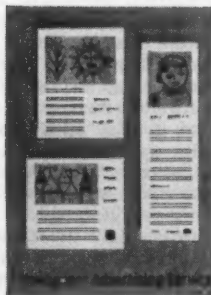
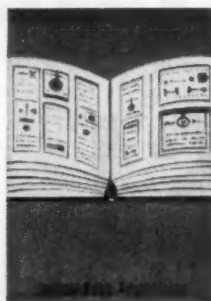
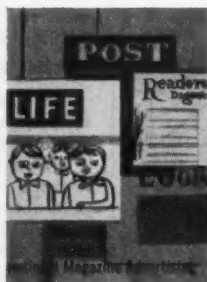
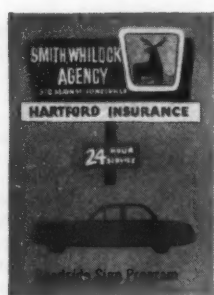
Mr. Senger said that while improper labeling may help to create liability, proper labeling can assist in defending cases. In a 1958 Massachusetts case, failure of plaintiff to follow instructions to make a patch test before using a hair dye resulted in a verdict for the defendant.

More Care In Advertising

It will become increasingly important to manufacturers to use their legal departments to review carefully all advertising, sales and labeling material which is used with their product, Mr. Senger declared. In some instances it may be advisable to consult with the insurer. The insurer's law department cannot act as counsel, but it can comment on the possible effect of labeling on products liability

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claims. For example, a manufacturer brought out a fluid for fabric treatment. After testing the product and reviewing the labels, the insurer suggested that it would be advisable to add to labels and literature a warning to avoid prolonged breathing of the product, and to avoid prolonged contact with skin. Insured immediately revised the printed material.

It will be increasingly important for each manufacturer to use extreme care in sorting claims from complaints, Mr. Senger continued. Complaints should be handled as such and not magnified into claims. It should be important, however, to recognize immediately a proper claim so that it can receive prompt investigation and handling. Some insured have all reported incidents reviewed carefully, not only by the sales or research department, but also by the law department. Mr. Senger did not recommend any standard procedure, but suggested that incidents reported should not be handled routinely.

The continuing development in products liability claims means that there must be more careful selection

of risk, he emphasized. Because it is impossible for any insurer to make a complete analysis of each product manufactured by a risk, and because the trend toward diversification makes it impossible for the insurer to keep abreast of the current products exposure of a risk, underwriters will be giving increased attention to the general reputation and moral character of insured. The underwriter will want to know that management has a sincere interest in producing a product which presents minimum opportunities for products liability claims. He will expect management to have the same interest in the prevention of such claims as good management now has in the prevention of WC accidents.

Should Assist Insured

Mr. Senger believes that it will be important for insurers to have research engineering departments which can consult with and be of assistance to insured in considering problems in the products field. Some insurers are now offering assistance to meet unusual situations. But it will be necessary for the industry to devote more time to assisting insured in the prevention of products liability claims, Mr. Senger said.

With regard to the standard language of products liability policies, he stated, the coverage is designed to cover the casualty aspects of doing business, not the purely commercial risks inherent in doing business. If a defective product causes injury to people or to other property, such injuries are logically within the field of insurance. However, if a product merely fails to live up to the expectations of its manufacturer, thus becoming valueless itself or producing intangible losses to the manufacturer, the distributor or the retailer, such losses are traditionally in the realm of commercial risks and not in the realm of casualty insurance.

Poor Performance Gamble

If insurers covered the purely commercial risks as well as the casualty hazards resulting from unsuitability or failure of performance of a product, they would in effect be guaranteeing the thinking, planning, and testing of the research departments, Mr. Senger said. While many manufacturers would not take advantage of such a situation and would continue to make every effort to produce a completely satisfactory product, undoubtedly some would feel that insurance was available and therefore would use less care. Where necessary, underwriters may use special endorsements to meet unusual situations, he added. Some day there may be a market for this kind of coverage for selected risks. Presently, however, he believes that industry will have to continue to bear as a business expense those claims which arise from mere lack of performance of a product.

Insured, Insurer Must Cooperate

Just as it will be important for a manufacturer to handle incidents carefully, so it will be important for the insurer claim department to work closely with industry so the best possible result can be obtained, Mr. Senger said. Claim departments will need to draw substantially on both company and insured's research engineering departments to understand clearly what claims could or could not be produced by the product in question. The claim man must know what the problems of insured are and make sure insured knows how the claim man will operate.



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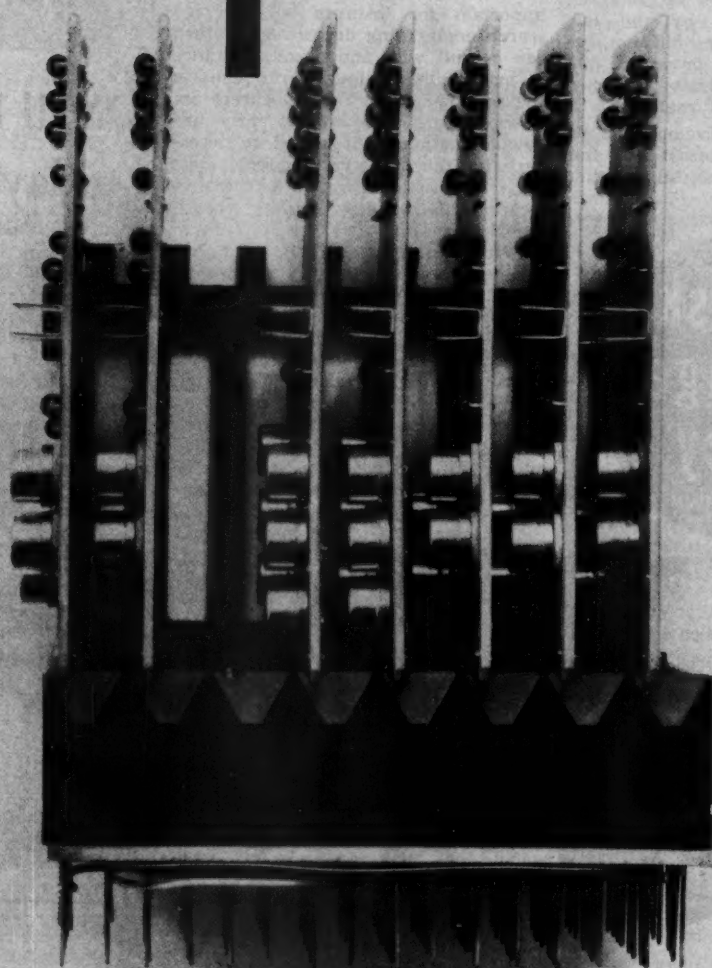
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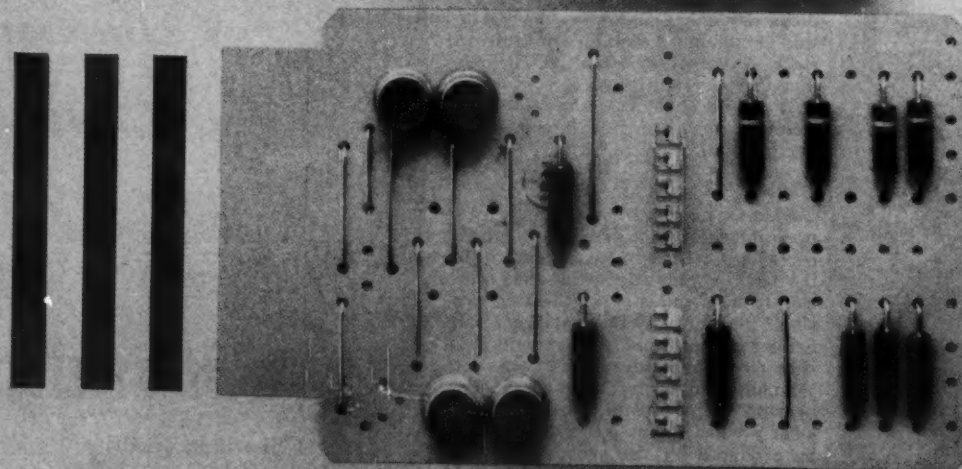
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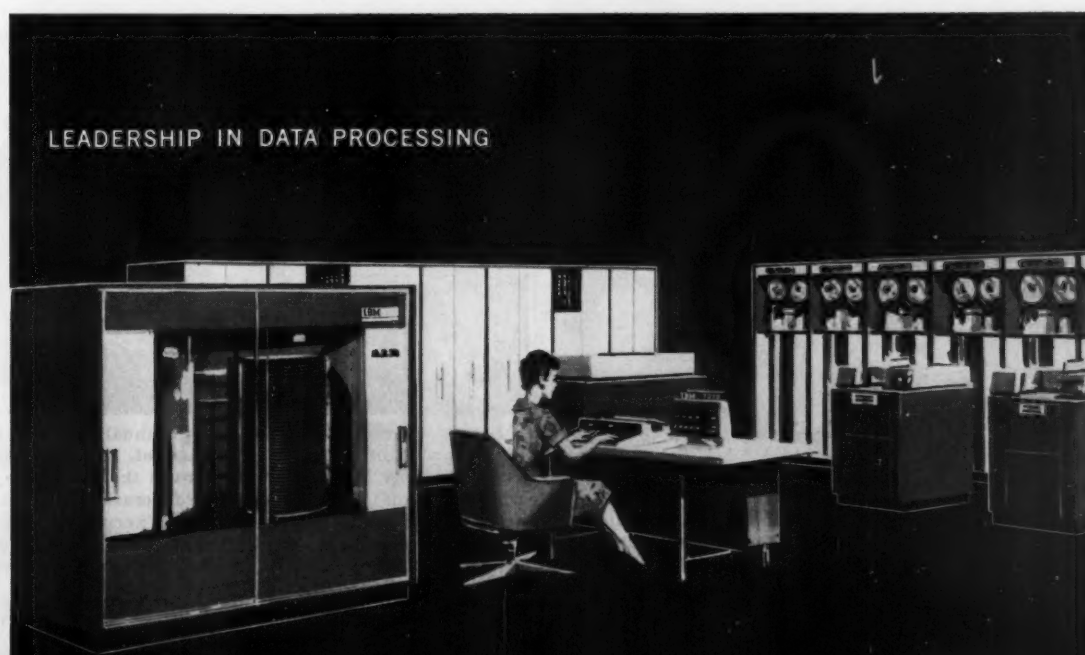
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Camera Views Of Illinois Federation Annual Meeting

[Story on Page 2]

E. V. Mullen-neaux, left, receives a plaque from G. C. Bland, agency superintendent of General Accident, in recognition of his 50th year as general agent at Albany. His son, E. V. Mullen-neaux Jr., now president of the agency, looks on. Mr. Mullen-neaux Sr., who is secretary-treasurer, also received a framed photostatic copy of the original agency agreement with General Accident he had signed 50 years ago.



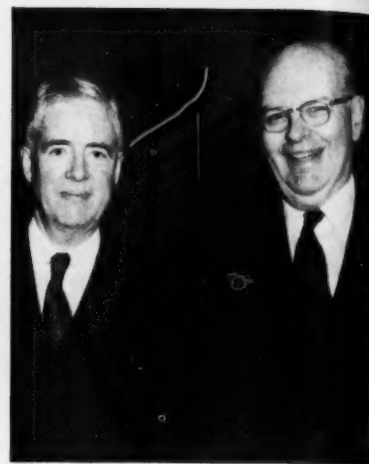
Spalding South-all of National Assn. of Independent Insurers at the Illinois Insurance Federation meeting with William Martin of the National Board and Roy L. Davis of Assn. of Casualty & Surety Companies.



Alexander Mac-Arthur of Central Standard Life at the Illinois Insurance Federation meeting with George Nicoud, executive secretary of Illinois Assn. of Insurance Agents, and Thomas Reynolds, manager of Illinois Insurance Information Service.



Harry H. Fuller of National Bureau, a past president of Insurance Federation of Illinois, at the 1958 meeting with John P. Keevers, Chicago manager of Maryland Casualty.



Lyman Drake of Critchell, Miller agency, and Guy Ferguson of Ferguson Personnel at the Illinois Insurance Federation meeting.

John A. Henry of Continental Casualty with Vernon Rosenthal of the Illinois department and Neil C. Russell of Chicago Motor Club at the Illinois Insurance Federation meeting.



Chief officers of Insurance Federation of Illinois at the annual meeting last week in Chicago: E.H. Henning of Central Standard Life, chairman; Peter W. Freilich of Corroon & Reynolds, president; Miss Florence Manson, executive secretary, and Ralph D. Jones of Continental Casualty, 1st vice-president.



Ladies' contingent attending the annual meeting of Insurance Federation of Illinois: From left, Marie Meade of Health Insurance Assn., Mrs. Peter Freilich, whose husband is president of the federation; Mrs. Eldridge Henning, whose husband is chairman of the federation; Jane Robinson of Wolf, Collins agency, president of Insurance Distaff Executives Assn.; Ida Weber of American Life Convention; Mrs. Harry H. Fuller, whose husband is a past president of the federation; Joann Shay of Illinois Assn. of Insurance Agents, and Bettye Osborn of National Assn. of Independent Insurers.

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Confused Picture Of The Field Man And His Future Is Developing Countrywide

(CONTINUED FROM PAGE 2)

lack of adequate field representation. He attributes this to company executives concentrating their expense reduction gunfire on the special agent.

The same commentator notes that another facet of the over-all problem is the matter of adequate pay for field men. Companies want trained special agents, he notes, but for some reason don't want older men with a number of years of experience. They will not hire men who are over 30 or 35, but paradoxically insist on seasoned men with executive ability at a clerk's pay. The problem apparently is how to get 20 years experience by age 35.

A plaintive correspondent in the Carolina field reports that he and his associates have a good deal in common with the Thanksgiving turkey—they are all waiting for the ax to fall.

Agents Defend Their Specials

What do the agents who are reputed to consider the field man fully dispensable have to say? A recent article in Massachusetts Assn. of Insurance Agents Bulletin pointed out that hardly a day goes by without someone's saying a harsh word about field men. The article notes that where there's so much hot air, there must be some source of heat, and admits that some special agents deserve the criticism they're getting for various inadequacies in performance. But all field men are not time wasting pests, the article states.

In support of this view it observes that the complaining agent will admit there are exceptions. He'll name this old-timer and that one, granting his ungrudging accolade to field men who have long been recognized as outstanding. Press him a little harder, and he'll even grant that a few of the youngsters are good, too. He might even admit that some of the youngsters have as much ability as the old-time greats and work harder, the bulletin points out.

The publication declares that there's a lot more to be ignorant about in the business these days and so the youngsters have two strikes on them at the start. They have to know more and they have had less time to learn it. By the same token, though, local agents can use more help from the specials than ever before. "So why refuse it when it's offered?"

With regard to the proper use of field men the article offers this advice:

"We know, you've taken up some of these boys on their offers to be of assistance and you found they didn't know the answers. But have you tried them all? Have you given them a real chance to show what they can do? Pick a problem. If you don't have one at hand you're lucky. If you're that lucky, though, you must have a smart girl in the agency with plenty of problems. Take your problem, or hers, put it on paper and have it ready for the next special agent who drops in. When he says, 'Anything I can do?' hand him the problem and let him go to work. Perhaps you've solved it yourself already. Even so, he may find a better solution. Better yet, his efforts may show you his capability to be of real assistance to you in the future."

"Do the same thing with the other specials as they show up. Make a practice of having problems for them to work on. You'll benefit in more ways than one. You'll get some work out of some of them. You'll scare some of the useless ones away. You'll learn a lot yourself—about the business, about ways to serve your clients better, and about human nature. And you'll make some good friends."

When Colleagues Differ

This advice would appear to boil down to a restatement of Darwin's survival of the fittest. But the question is who is the fittest field man? If we look to the companies for an answer we find one company branch vice-president who says, "Give me agency planters—we have the specialists at the branch to back them up." In short he wants the pure sales type in his field. Another branch vice-president of the same company favors the "manual man" who can function as a technician and a salesman with equal ability.

One company has for some years insisted that its field men be in effect branch underwriters, able to discuss and handle every phase of technical problems that may arise. On the other hand, a vice-president of a singularly successful company says that he doesn't mind having "insurance illiterates" around, provided they can bring home a volume of quality premium bacon.

These comments highlight the fact that it is difficult if not impossible to categorize a field man of the future as such. The definition may only be

possible within the framework of his own particular company's merchandising philosophy. If the company lacks one, obviously the future field man and his function are going to be pretty hard to pinpoint.

More Or Less Underwriting?

There is considerable conversation today about automation and how it will free agents for more selling. This will naturally make it necessary for field men to give more assistance in sales effort. This would appear to bear

out the company advocates of the pure sales type of special agent. However, when the happy day arrives when agents are primarily concerned with what they probably should be doing—selling on a broader front—won't their exploration of expanded markets open up innumerable new underwriting problems? This would seem to imply that they would also need more technical help. Will this come from field men? If so, the advocates of the technician in the field have a strong talking point. Or

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will that help come from branch specialists, backing up field men? If so, where does that leave smaller companies?

In any discussion of where the field man is going, it might be equally interesting to find out where he came from. In the old days the field man was often the butterfly who developed from the underwriter cocoon and flew into the joyous realm of the expense account and the company Chevrolet. Underlying these surface attractions, of course, was the sincere

purpose of ambitious men who had qualified themselves by years of practice on the maps. They had become familiar with practically every type of risk, and accustomed to making decisions. Moreover they knew home office thinking and spoke the language.

The New Field Type

Of late years it has been the custom of companies to recruit promising young men on the campus each spring and to bring them to the head office for a course of multiple-line training.

These young men are grounded in the fundamentals of all phases of the business for periods ranging from six weeks to several months or even more. In some companies these students work half-days at underwriting or other positions and attend the school for the rest of the day. Other companies conduct full-time schools. In either case, after the course is completed, the students are often assigned to an underwriting job in the fire, casualty or inland marine department. Sometimes this is on a staggered

system, and the trainee gets experience in each department consecutively. Some are gaited to underwriting and remain in that work in one phase or another. However, much as some company executives dislike to admit it, the field job is still often regarded as the plum. Many of the trainees, therefore, go into the field, under a veteran state agent and are qualified to do so by aptitude and at least basic training. But their underwriting experience at best often consists of a year or less. If the particular trainee has outstanding sales ability, this underwriting lack is not considered too much of a handicap in some quarters. However, to those who insist that the field man must be a technician, the lack of grounding in underwriting is anathema.

Veterans Are Vanishing

However, the trend toward the trainee type of field men among the larger companies which maintain the multiple line schools continues. It is therefore obvious that the old type field man who graduated from years of underwriting will gradually disappear unless companies return to a philosophy of grounding trainees for longer periods in the home office or in branches in underwriting jobs.

All of the foregoing comments put the spotlight on one player in the merchandising drama. He is lifted out of his context and the significance of his role is not apparent because it is not played against the backdrop of the over-all plot. The best way to gauge the field man's function, to measure his effectiveness, and to project his function in future would seem to be to consider the entire subject of sales from the top down and to delineate the form this might take in an agency type of company. Then it can be decided how the field man will fit into the operation.

Who Is Sales Expert?

It is interesting to note that in the past, and in some companies at present, sales direction appears to come from a man who has never actually been a salesman in the pure sense of the term. He is probably a vice-president or other official. His background has probably been that of underwriting, from which he progressed to special agent to agency superintendent and so on to his present post as head of production. These steps naturally included sales work insofar as influencing agents to place business with the company can be called that. But it was not sales work in the sense that agents perform this function—

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actual selling of a product—except on rare occasions when the man in question was asked to accompany the agent on a call. Therefore for years the business has presented the paradox of production men who have far less selling experience than an agent, directing the latter and advising him how to sell.

Many of these top production men are notable for their all-round knowledge of the business, accompanied by a large measure of that intangible known as the "ability to dispense good will and to build friendships." That may not be enough today.

They may not be equally adept in knowledge of markets and merchandising in the same way that the competition as represented by the direct writers are.

Job Breakdown Urged

In some companies the vice-president in charge of production has supervision of the branches and the entire field force. While the production post is supposed to be synonymous with the sales director, the individual charged with this responsibility has enough to occupy his mind with the endless detail of supervising the branches and the field force, even with the assistance he has at present. It appears unlikely that he is able to devote a major part of his time to his primary responsibility—sales development work. The latter would include, among other things, market planning, advertising and sales promotion, sales training, the detailed keeping of sales records and reports. It is at least worthy of consideration that this man might need more specialized help.

Frank Lang, head of his own New York insurance management consultant firm, who has investigated this subject, has suggested one approach. The senior vice-president in charge of sales operations, with his broad and intimate knowledge of the business itself, could be responsible for the planning and over-all direction of sales programs and activities and the coordination of all operating and administrative functions in the branch offices in keeping with objectives and

policies laid out by the officers responsible for them. However, he would have help in the form of an assistant vice-president or similarly titled officer in charge of field administration. Another officer might be in charge of branch offices administration, and still another in charge of field service, such as advertising, agency record service and sales promotion materials. Finally there would be an assistant vice-president for market planning.

Backed by the resources of such a sales chain of command the field man foot soldier might really acquit himself well on the production battlefield, Mr. Lang believes.

One Company Takes Action

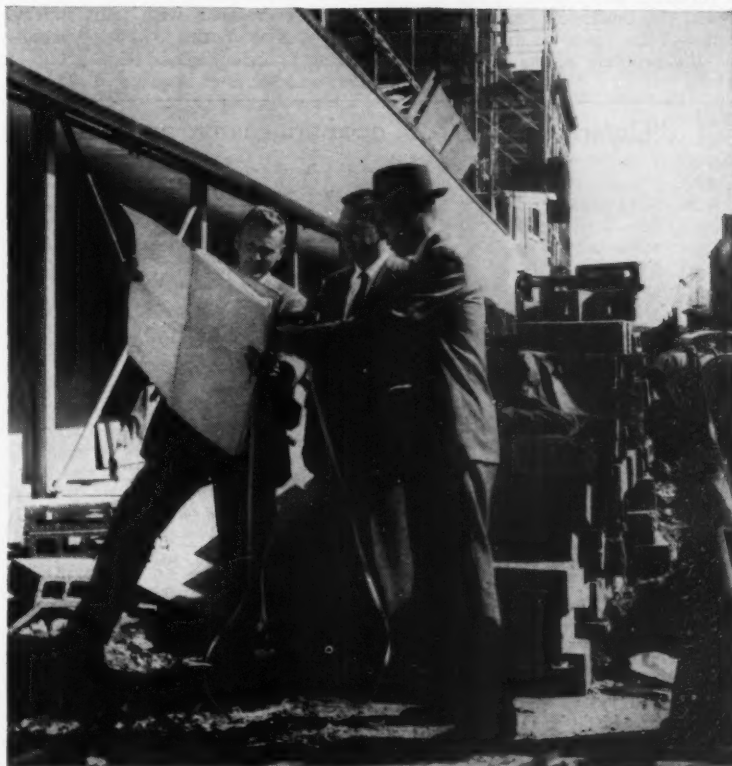
His views, expressed some years ago, found a parallel in recent weeks when a leading insurer definitely committed itself to the principle that a field force is primarily meant for selling. This company has relieved its field administrators—resident vice-presidents, branch managers and others—of many technical duties and has charged them with the primary responsibility of directing field men in an accelerated sales campaign consistent with the company's underwriting planning. The company provided the field force with a modern budget plan, as the chief offensive sales weapon. Moreover, it established clear and consistent lines of authority with respect to merchandising from the president on down.

Field Man Is Oriented

Other companies may consider their present set-ups the equivalent of this contemplated operation, and they may be, but their companies have not enunciated the principles so clearly, and publicly committed themselves to an out and out sales philosophy with the backings of technical specialists, for the field force. With a merchandising plan so clearly defined, the company's field man has no doubt about where he stands and what he is expected to do. Therefore he has no doubt that sales performance—within the company's underwriting philosophy—will be the final measure of his

Salesman?

#7 in a series



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value and the key to his future.

Discussions about field men and their place in the business have continued for years, and special agents have become accustomed to alternating blasts of vituperation and verbal violets of praise. Lincoln said the Lord must love the common people—He made so many of them. This was an astute tribute, for Lincoln knew his fortunes were determined by the masses. The business must love special agents—it has made so many of them. Now the problem seems to be to cull the best.

London & Lancashire Shifts One, Raises Two

H. K. Green, vice-president and manager of the New York Metropolitan office of London & Lancashire, has transferred to the Pacific department.

J. A. Bantel and J. R. Mainzer, formerly assistant secretaries, have been elected secretaries with joint supervision at New York.

Mr. Mainzer joined the group in 1919 and Mr. Bantel began in 1929.

Says Underwriters Need Actuarial Guidance

The actuary can and should be a factor in underwriting, but insurers have failed to recognize that fact, Dudley M. Pruitt, assistant general manager of General Accident and president of Casualty Actuarial Society, declared at the latter's meeting at Hartford.

He said there are about 850 fire, marine and casualty managements—eliminating more than one company

to a group. Perhaps 100 of these have either employed a member of the society or designated a non-member as actuary.

While expressing admiration for a veteran underwriter's ability to gauge risks virtually by instinct, Mr. Pruitt suggested that actuaries could greatly simplify risk judging. It is the actuary's duty to discover and display relationships, and it is in a clear and easy reading of these relationships that the underwriter may expect to substitute scientific assurance for "hunch and hope."

Specific Help Cited

One of the areas of risk study where actuaries might develop useful aids to underwriters is in the concept of spread, Mr. Pruitt said. This is an area where the business would be enriched by some good logical study, some quantitative evaluations, a few simple guides and a defense that may be used when an underwriter must stand on the carpet.

In the field of individual risk selection, the underwriter must of necessity rely almost exclusively on his past experience and common sense, he continued. This usually works out, but there are times when, without some careful correlations between risk characteristics and loss results, common sense and experience can lead to mistaken conclusions.

Mr. Pruitt said he liked to feel that actuaries are trusted with the binoculars of the business and that they can be extremely useful in guiding its course. He warned, however, against giving the impression that actuaries possess secret powers, and emphasized that the essence of the actuarial function is to study the past and to develop useful guides for the future. Actuaries must also retain a certain fundamental delicacy of perception and must, in common with underwriters, be able in a pinch to fly by the seat of their pants.

Pittsburgh Insurance Club Elects Stevenson President

Insurance Club of Pittsburgh at its annual meeting elected John D. Stevenson, America Fore Loyalty group, president; Roger Wentworth, agent, vice-president; Homer P. Kinast, Hoover & Diggs, treasurer; and Glenn Harris, Ross L. Milliman agency, secretary.

New directors are W. W. Gerrard of National Union, Veryl V. Groomes of Fidelity & Deposit, Milton MacNeill of Hartford Fire, John R. Morrow of the John G. Beck agency, Joseph F. Weiss Sr., attorney, and Donald K. Wilson of the Ganison Co. agency.

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O'Connor: Forand Bill Again On Way

(CONTINUED FROM PAGE 1)

act went into effect in 1937, new life writings went down during the following three years and went up only in 1941 when employment increased due to the threat of war. "In my humble opinion the great growth enjoyed by the life business over the years is due to a great extent to the hard working and well-trained field representatives and not to any government compulsory program," he said.

The basic issue is between private industry and government in the health insurance field, Mr. O'Connor stated and said the latter leads in one direction only—toward the welfare state. Business and professional men and women cannot escape political responsibility. The proponents of such government legislation believe in it, they are sincere, and they are strongly organized, he said.

"To be forewarned is to be forearmed. I have given you the facts. It is time to stand up and be counted. Remember the only voice your representative in congress recognizes is the voice back home—your opinions. Make your views known," said Mr. O'Connor, "and arouse public attention to this issue."

Right S. C. Faces But The Names Were Wrong

On page 40 of the Nov. 14 issue, two photographs were published of prominent agents at the annual convention in Charleston of South Carolina Assn. of Insurance Agents. Unfortunately, the captions were transposed, so that J. Tom Grier of Spartanburg showed up as J. Edwin Schachte of Charleston, etc., etc.

Mutual Auto Rates Up In W. Va.; OL&T In Ia.

Mutual Insurance Rating Bureau has increased private passenger automobile liability rates in West Virginia 15.2%. On 2C drivers the increase ranges from \$1 to \$11. Average increase for other drivers is \$7.

The bureau also increased OL & T BI rates in Iowa by an average of 11.7% for area and frontage classifications of apartments and tenement houses, boarding and rooming houses, office buildings, hotels, stores and churches. Rules and classifications applicable to garden apartments were revised. All changes are effective Nov. 19.

Assigned Risk Results In U.S. and Hawaii

National Bureau has compiled experience on automobile assigned risk plans for all states, District of Columbia and Hawaii. The results, with all companies combined, are summarized below.

State or Territory	Policy Years Included	Bodily Earned Premium \$	Injury Incurred Losses \$	Loss Ratio %	Property Earned Premium \$	Damage Increased Losses \$	Loss Ratio %
Alabama	1948-1956	249,632	183,883	73.7	139,122	96,744	69.5
Arizona	1952-1956	439,976	336,245	74.2	268,038	184,723	68.9
Arkansas	1950-1956	213,309	155,931	73.1	94,750	69,520	73.4
California	1942-1956	14,272,050	12,899,477	90.4	9,710,344	7,034,803	72.4
Colorado	1946-1956	601,718	490,956	81.6	339,334	269,710	68.5
Connecticut	1941-1956	7,094,271	9,111,803	128.4	2,915,473	2,272,452	77.9
Delaware	1947-1956	190,197	134,492	70.7	132,685	101,753	76.7
Dist. of Col.	1953-1956	266,373	282,555	106.1	150,446	116,430	77.4
Florida	1947-1956	2,647,565	1,996,015	75.4	1,772,079	1,106,086	62.4
Georgia	1948-1956	359,013	299,816	83.5	275,970	194,534	70.3
Hawaii	1952-1956†	19,845	14,641	73.8	18,905	11,262	59.6
Idaho	1948-1956	269,099	209,377	77.8	222,708	168,753	75.8
Illinois	1941-1956	6,161,207	7,972,135	129.4	3,753,501	3,701,227	98.6
Indiana	1946-1956	591,819	445,551	75.3	320,851	405,579	89.4
Iowa	1948-1956	1,002,913	995,318	99.2	934,652	688,959	73.7
Kansas	1950-1956	491,057	527,824	107.5	415,724	344,605	82.9
Kentucky	1947-1956	1,778,387	2,308,724	129.5	1,355,631	1,297,664	95.7
Louisiana	1948-1956	1,085,173	910,885	83.9	613,724	481,304	78.4
Maine	1941-1956	1,071,013	1,079,336	100.8	742,316	502,305	67.7
Maryland	1950-1956	1,965,477	2,379,255	121.1	1,280,024	973,982	77.3
Mass.	1948-1956	13,949,962	21,516,785	154.2	5,407,046	4,785,517	88.5
Michigan	1946-1956	3,390,061	3,026,765	89.3	3,213,050	2,467,683	76.8
Minnesota	1943-1956	6,526,510	6,133,642	94.0	3,621,625	3,368,763	93.0
Mississippi	1948-1956	807,524	524,136	65.0	280,650	220,173	78.5
Missouri	1949-1956	1,273,034	1,294,479	101.7	686,758	563,244	82.0
Montana	1952-1956	213,905	114,037	53.3	139,926	88,649	63.8
Nebraska	1946-1956	570,815	465,990	81.6	473,559	348,443	73.6
Nevada	1950-1956	34,679	25,420	73.3	25,539	15,058	59.0
New Hampshire	1938-1956	1,872,309	2,087,634	111.5	956,194	885,764	92.6
New Jersey	1941-1956	10,842,363	10,296,803	95.0	6,728,073	4,904,710	72.9
New Mexico	1948-1956	192,453	132,055	68.6	158,433	88,670	56.0
New York	1941-1956	83,065,318	94,929,528	114.3	29,677,146	24,353,013	82.1
North Carolina	1948-1956	4,039,180	3,973,875	98.4	2,782,727	2,095,395	75.3
North Dakota	1947-1956	414,597	241,566	58.2	260,380	166,997	64.1
Ohio	1947-1956	3,857,691	3,871,576	100.4	3,807,667	2,986,467	78.4
Oklahoma	1950-1956	583,397	644,998	110.6	384,204	308,671	80.3
Oregon	1946-1956	2,939,981	3,032,938	103.2	2,300,327	1,659,752	72.2
Pennsylvania	1943-1956	3,850,342	3,578,511	92.9	3,074,577	2,647,340	86.1
Rhode Island	1947-1956	988,444	1,078,484	109.1	634,365	531,773	83.8
South Carolina	1948-1956	972,757	1,000,403	102.8	706,846	560,101	79.2
South Dakota	1949-1956	78,727	121,094	153.8	53,040	64,317	121.3
Tennessee	1948-1956	826,212	827,384	100.1	454,496	425,374	93.6
Texas	1952-1956	1,833,543	1,590,292	86.7	1,439,586	1,100,076	76.4
Utah	1946-1956	320,544	225,885	70.6	227,069	151,612	66.8
Vermont	1941-1956	1,061,288	1,054,251	97.5	567,203	403,259	71.1
Virginia	1941-1956	5,143,589	5,929,892	115.3	3,041,056	2,813,742	92.5
Washington	1941-1956	3,411,919	2,914,331	85.4	2,687,664	1,962,949	73.0
West Virginia	1947-1956	828,637	591,958	71.4	513,217	358,466	70.0
Wisconsin	1946-1956	6,205,462	6,032,113	97.2	2,990,683	2,299,583	76.9
Wyoming	1946-1956	217,932	157,637	72.3	169,830	130,461	76.8
TOTAL		\$200,903,422	\$220,140,675	109.6	\$103,298,220	\$81,959,417	79.3

† Data for policy year 1953 not available.

* Including allocated claim adjustment expenses.

** Private passenger cars only, excluding allocated claim adjustment expenses for bodily injury.

Legislative Council Urges Tenn. UM Fund

The Tennessee state legislative council has recommended that insurers be required to include in every automobile liability policy, provisions that insured, in accidents involving uninsured motorists, be protected up to their own BI and PDL limits, excluding the first \$200 of damage in the latter case.

The council also recommended that uninsured motorists be assessed an extra \$20 fee at annual registration. This would be placed in a fund among insurers writing automobile in the state. Any excess in the fund would be paid into the state treasury.

Goodspeed In Minn. Field For Hartford Fire

Hartford Fire has appointed Alton Goodspeed special agent in the northwestern department. His territory will include all of Minnesota. Mr. Goodspeed was previously state agent in Minnesota for Royal Exchange, and prior to that was with Fire Underwriters Inspection Bureau at Minneapolis for seven years.

Sizes Up Property Damage Protection

(CONTINUED FROM PAGE 4)

erty, contamination of property over a large area and damage to nearby property by accidents involving nuclear fuel or other radioactive substances.

"While such coverage for radioactive contamination from nuclear materials not on the insured's premises would be in demand by owners of property in the near vicinity of nuclear reactor or similar installations, it would probably have little appeal to people at a distance from these danger points. The spread of risk, essential for sound but general insurance underwriting would, therefore, be lacking," he declared. Although the property damage end of the business makes no provision for such damage, protection is available through the liability side whereby reactor owners and operators may purchase liability from similar syndicates. Third party liability is provided the reactor owner when buying a policy of indemnity required by the Atomic Energy Commission in order to obtain a license. On top of that a \$500 million blanket is provided through the Price-Anderson act.

Mr. Berry said he didn't know just what the future holds in the way of a solution to this problem, and he said he certainly would not make a prediction at this time. However, he said that the entire nuclear insurance program is "in no sense a fixed or final product. Our experience is yet to be developed."

Presently NEPIA and MAERP have a variety of nuclear risks under consideration. NEPIA has some 27 accounts on the books with liability ranging from \$147,000 to \$40 million. Included in the NEPIA portfolio is liability of approximately \$40 million on each of the major nuclear power plants now under construction—Consolidated Edison of New York at Indian Point, and Consolidated Edison of Chicago at Dresden.

Detroiters To Hear Alexander

Robert Z. Alexander will speak at the Dec. 2 meeting of Detroit Assn. of Insurance Agents. His topic will be "Problems and Outlook of the Fire and Casualty Industry."

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BI Payments With Insured Contributing

Following are further examples of private passenger automobile claim payments to which, because of insufficient limits, insured contributed:

Insured was involved in an accident in which he was clearly at fault. All four occupants of insured's automobile were killed in the accident, and two passengers in the claimant's car were injured "almost to the point of mutilation." Plaintiffs' attorney was aware

of insured's liability limits of 20/40 but refused to settle within these limits because the policyholder had left a sizable estate. A verdict was obtained against the estate in the amount of \$100,000. The policy limits were paid and the plaintiffs' attorney proceeded against the estate for the balance of the judgment.

The policyholder struck a pedestrian, the facts of the accident indicating liability on the part of insured. The

pedestrian sustained compound fractures of the right tibia and fibula, the injuries requiring an open reduction operation with the insertion of a pin; the pedestrian also sustained a fractured nose and a brain concussion. Insured's liability limit was \$10,000. The claim was settled for \$11,500, insured paying \$1,500, the excess beyond the limits he carried.

Insured Pays \$500

Insured was involved in an intersectional accident with a taxicab. A passenger in the cab received serious

injuries resulting in paralysis of both legs. The passenger was a 25 year old married woman. The claim was settled for \$10,500 under a policy carrying a \$10,000 limit. The insured paid the additional \$500 and was extremely fortunate in being able to have the entire matter settled with this small contribution from him.

Insured made a right hand turn at an intersection, lost control of the car, went up on sidewalk and struck five pedestrians. All of the pedestrians were badly injured. Policy limits were \$10,000 and all claims were settled for \$19,250. Insured, of course, paid the additional \$9,250.

Insured struck a seven year old pedestrian with the facts of the accident indicating liability on his part. The seven year old boy received serious brain injuries, leaving him permanently unable to walk, feed himself, or speak. Policy limits were \$10,000 and plaintiff's attorney refused offer of the policy limit. The parents of the child felt that the policyholder should be penalized for the serious injuries which had ruined their son's life. This case was finally settled for \$11,500 with the policyholder paying the additional \$1,500.

Seek \$15,000 From Insured

Insured struck the rear of the car ahead, forcing it into a female pedestrian, and resulting in serious injuries to her. Insured had \$10,000 limits and a judgment was obtained for \$25,000 against him. The policy limits were paid and plaintiff's attorney is proceeding against insured's personal assets to satisfy the balance of the judgment.

Insured skidded on the highway and struck a pedestrian who was standing at the rear of a parked vehicle which was off the highway. The impact resulted in the amputation of both legs of the pedestrian. Insured's single liability was \$10,000. Plaintiff was entitled to workmen's compensation and the subrogated compensation insurer refused to allow plaintiff to settle for the amount of the policy limit and required him to proceed to suit. Plaintiff obtained a judgment for \$60,000 and is now proceeding against insured's personal assets.

Insured collided with a bridge abutment which resulted in serious burns and the loss of an ear to a young man who was pinned under insured's car after it had struck the bridge abutment. Claimant also sustained a broken pelvis and other injuries. Policy limit was \$20,000 and insured was required to pay an additional \$1,000 from personal assets to achieve settlement of the claim.

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injuries to insured, and fatally injuring the driver of the other vehicle. Suit was instituted by the estate of the deceased driver and a counter suit was instituted by insured. Insured's liability limit was \$10,000 and a judgment of \$20,000 was obtained against him. The judgment was settled through the paying of the policy limit plus an additional payment of \$2,500 by insured.

Insured skidded onto the wrong side of the road and struck the opposing vehicle head-on. A seven year old boy in the other car was killed and serious injuries were sustained by the other two occupants. Policy limits of \$20,000 were offered in court in view of the serious injuries and absolute liability. Plaintiffs' attorney insisted that insured must contribute in order to settle the claims. Insured mortgaged his home and paid an additional \$2,500 to settle the case.

Insured and his wife were killed when their vehicle went onto the wrong side of the road and struck another car head-on. Several passengers in the other car were seriously injured. Insured left an estate estimated to be worth \$80,000. Policy limits were paid, and the claims were settled with an additional payment by the administrator of insured's estate of \$16,500.

Insured carried policy limits of \$10. He had acquired some \$15,000 to \$20,000 in real and personal property. Insured's wife was involved in an accident resulting in her death and serious injuries to a motorcyclist. The facts of the accident indicated liability on the part of insured. Full policy limit was offered to settle the claim, insured refusing to contribute anything to effect a settlement. The offer was refused and a verdict of \$30,000 was returned against insured and the estate of his wife. Plaintiff's attorney intends to attach all of insured's assets to satisfy the judgment.

Hutchinson With Reliance

Reliance has appointed Glenn C. Hutchinson marine special agent for New York, with headquarters at Syracuse.

Farmers Mutual Promotes Desch

Floyd R. Desch, sales personnel manager of Farmers Mutual Automobile, has been promoted to state sales director for Nebraska. He joined Farmers Mutual as an Iowa agent in 1952, advancing to district manager. In 1956, he moved to the home office in Madison as sales training supervisor and became sales personnel manager last February. In his new post, he will be located in Lincoln.

Dallas Takes Top Award In Royal-Globe Contest

The Dallas regional office of Royal-Globe was the group's top profit-producing office in the country for the second successive year. The sterling silver President's Cup was presented to George J. Henry, regional manager, by M. W. Slawson, assistant U. S. manager, who represented Clarke Smith, U. S. manager and president, at a dinner at the Insurance Club at Dallas.

Scoring for the competition among Royal-Globe's 25 regions was based on three-year averages for increased production, increased profit and reduction of controllable expenses. Runners up to Dallas were the Atlanta and Nashville regional offices.

Royal-Globe also awarded territorial cups, smaller editions of the top award, to the leading region in each of its five geographical territories. Top honors went to New Jersey, Omaha, Oakland, the downtown New York office, and Dallas, which won the southern territorial award as well as the President's Cup.

General Names Mallen Manager At Tacoma

William Mallen has been named manager of the Tacoma service office of General Ins. Co. of America. He replaces Wes Lloyd.

An employee of the company since 1953, Mr. Mallen has served as special agent, administrative manager, and assistant manager, in Portland. He was also manager of the Salt Lake City office at one time.

GAB Moves Two In N.Y.

General Adjustment Bureau has appointed J. George Wills manager at Brooklyn, replacing W. A. Stetter Jr., resigned. Harry G. Marks will succeed Mr. Wills as manager at Bronx, N. Y.

Mr. Wills joined the bureau in 1946 and served in the Hartford, metropolitan New York and Bronx offices. Mr. Marks joined GAB in 1949 after nine years with Pearl and was senior adjuster at Jamaica, N. Y., before his appointment.

Holds Atomic Seminar

The Chicago chapter of Society of Fire Protection Engineers held a three-day seminar dealing with the hazards of handling radioactive materials. Frank Brannigan of the Atomic Energy Commission conducted the seminar.



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Editorial Comment

Bird, Clock And Competition Watchers

Nothing is harder to understand than another fellow's hobby. Clock watchers probably laugh their heads off at bird watchers. But the latter contribute a good deal that is helpful to wild life and to society in general. While doing so they satisfy their own craving for beauty. Bird watchers wake up early, too. Clock watchers wake up at the end of the business day.

Now there is another hobbyist in the business. He is the competition watcher. We have his own word for it: "We are watching the competition closely." He doesn't say when he is watching it though, and from what vantage point. Is he, like the bird

watcher, keeping an early eye on the competition before it takes off in speedy flight which is hard to follow? Or is he a late riser, like the clock watcher, and able to report only that the competition "went thataway?"

Every horse in the Kentucky Derby is a constant competition watcher from the wrong vantage point except one—the winner. He takes a good look at the competition at the gate, and again while he is passing them. From then on he watches out for the finish line. That's the only kind of competition watching that means much. The clock watching type, which comes too late, is for the birds.—J.N.C.

Getting Rid Of Some Paper Work—We Hope

One part of the plan to meet the problem of the miserable motorist who can't pay for his accidents, which has been announced by major auto liability underwriters, deserves a second reading. This is the proposal to require information about the existence of insurance in accident reports—"and further provide that the commissioner may rely upon the accuracy of such information until he has reason to believe otherwise."

One objective of this provision is to eliminate unnecessary administrative procedures. In a business burdened with paper work, this effort to reduce it for this business and for motor vehicle departments as well should be hailed—and promoted with unanimous vigor.

The suggested amendment to the financial responsibility laws would do away with the present burdensome procedure whereby insurers must file a certificate with the motor vehicle department for every insured motorist involved in an accident. Instead, the insurer need only notify the MV department if insurance, as listed on the accident report, is not in effect.

For the benefit of the MV department, in place of the present system of receiving and filing certificates of insurance from all insured motorists involved in accidents and then matching them with accident reports, the department only has to forward a duplicate copy of the insurance information to the insurer listed. If the insurer then does not notify the department that the insurance was not, contrary to the accident report, in effect, the department can rely upon the information in the report. Thus the department can concentrate upon those motorists who are not insured instead of those who are. This will result in a material saving to both insured and taxpayers, not to mention insurers and MV departments.

One of the tedious, mountainous and almost impossible tasks involved in any effort to keep track of the uninsured motorist is self-imposing the simultaneous job of keeping track of insured motorists. The recommendation made by the liaison committee of

American Mutual Alliance, Assn. of Casualty & Surety Companies, and National Assn. of Independent Insurers on this point is in itself worthwhile enough to sell the whole program.—K.O.F.

Personals

John Keyser of Kalamazoo was elected 1st vice-president of National

Assn. of Mutual Insurance Agents at the recent annual convention in New York. He will automatically become president next year. He is noted as a specialist in agency management and for the past two years has been active in the NAMIA school.



John Keyser

Harry L. Godshall, local agent at Atlantic City, has been elected president of Guardian Savings & Loan Assn. there. He is a past president of New Jersey Assn. of Insurance Agents.

Louis W. Biegler, executive vice-president of George F. Brown & Sons, Chicago, is on a visit to London. He is traveling via the Pan American jet service.

T. Seddon Duke, president of Star Sprinkler Co. of Philadelphia and chairman of National Fire Protection Assn., has received the 1958 award of Box 1776 Assn. The Philadelphia organization of business and professional men honored Mr. Duke for his untiring work in the cause of fire prevention.

Selden K. Griffen, secretary of Phoenix of Hartford, celebrated his 45th anniversary with the company. He joined Phoenix in 1913 in the mail department and subsequently worked in the claims department. He was promoted to superintendent in 1936, assistant secretary in 1947 and secretary of the company in 1952. Mr. Griffen was founder and first president of Automobile Underwriters Club of Hartford and is a past president of Quarter Century Club of the company.

Deaths

ROBERT W. SUMNER, 47, a partner in the Grow-Summer-Englebert agency of Detroit, died as a result of a fall while examining a partly submerged car ferry at Ashtabula, O., harbor. Mr. Sumner, nationally known in the marine field, fell through a hole that had been cut in an upper deck as part of salvage operations.

Mr. Sumner and his late father, William W. Sumner, had operated their own marine insurance agency until four years ago when Robert Sumner joined the Grow-Summer-Englebert organization.

E. P. WHITE, 62, partner in the John Z. Fletcher agency of Jacksonville, Fla., died there of a heart attack.

HADLEY J. ALLEY, 69, former owner and operator of Income Guaranty Ins. Co., which he sold to Old Equity Life of Illinois, died in South Bend, Ind.

WILLIAM B. MCKENZIE, 43, executive vice-president and treasurer of Illinois National of Springfield, died. He had been with the company for 22 years. He started in the business after graduating from Northwestern University. He was active in civic affairs and served as president of the Springfield board of education and as the first president of the Springfield Junior Chamber of Commerce.

JOHN A. SEIBEL, 69, retired loss superintendent and assistant secretary of Millers National, died at his home in Evanston, Ill. Since he left Millers National in March of this year he had been with the loss department of Pacific National, and he had worked until the day of his death. Mr. Seibel was with Northwestern National at Milwaukee before going with Millers National in 1912.

GEORGE A. MINSKEY, 83, retired vice-president of Michigan Millers Mutual, died at Lansing. He was vice-president of the company from 1921 until his retirement at the age of 70 in 1945.

RALPH W. LESTER, 61, Great American vice-president, died at his home in Brooklyn. Mr. Lester joined the company in 1933, and after field work held various positions in the home office, most recently as executive supervisor of multiple-line underwriting and engineering.

FRANK J. HAYMAN, 60, a Fireman's Fund employee since 1918 in the fire and fire loss departments, died after an illness of several months. Mr. Hayman was most recently senior production engineer.

ROSS L. WELLER, 72, vice-president of Illinois National and partner of Weller & Campbell agency, died in Springfield, Ill. Active in civic affairs, Mr. Weller was a charter member of Springfield Kiwanis. He was a past president of the Springfield Assn. of Insurance Agents and a vice-president of the state association.

STUART C. HARLOWE, retired Louisville manager of Fireman's Fund, died at his home there. He joined the company in 1931.

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Dulaney Gives Factors In Rising Medical Costs

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comprehensive plan are easy to recognize. However, he said, the abandonment of inside limits, such as specific surgical schedule, eliminates valuable guide posts, and the substitution therefor of deductibles and coinsurance presents some cost control problems.

These problems are magnified if the deductible and the amount of coinsurance are not sufficiently great to enlist the wholehearted support of the employee, i. e., the claimant, in keeping medical expenses to those necessary. During the few years that comprehensive has been in existence the tendency has not been to retain or increase the amount of deductible and the degree of coinsurance nor to consider the possibility of including inside limits within the comprehensive framework. On the contrary, the trend has been toward ever increased liberalization."

The speaker continued that the original comprehensive approach involving an across-the-board deductible has not found wide acceptance by employees or their representatives and the public in general has not been willing to relinquish the initial dollar concept in return for the additional coverage for catastrophic illness.

"Forced By Competition"

"Thus, forced by competition stimulated by the demands of the buyers, insurance companies have been offering so-called 'in full' comprehensive plans, or possibly, I should say, 'comprehensive' comprehensive plans which were hybrids between the base benefits as previously provided and the original comprehensive idea . . . The benefits provided begin to resemble unlimited medical care which has been tried by several governments with disastrous cost results. There is no reason to believe that if individual units of industry attempt to provide unlimited medical care (and some of the comprehensive plans are coming very close to this) the result will be any less than disastrous."

Mr. Dulaney emphasized that Travelers is not opposed to comprehensive plans and that "we will underwrite the most liberal plan you can imagine if you insist and the price is right. . . We feel, however, that we have an obligation to furnish sound underwriting advice and to recommend conservatism in this relatively new field of insurance benefits."

"Certainly any comprehensive plan should have an adequate across-the-board deductible and preferably some built in limitations. I question the soundness of giving the doctor, the hospital, the employee a blank check under the guise of 'comprehensive.' Were I the employer purchasing group insurance today, I am quite sure that my plan would be base benefits plus

Kansas Mutuals Elect Armin Gall President

Armin Gall, Ford County Farmers Mutual, was elected president of Kansas Assn. of Mutual Insurance Companies at the annual convention in Newton. Other officers are T. M. Muckenthaler, Farmers Mutual of Wamego, vice-president, and E. I. Talbott, Farmers Alliance Mutual, secretary-treasurer.

Among the speakers were: M. L. Landis, Central Mutual of Van Wert, O., "Looking Ahead Tomorrow;" Hyde Perce, Mutual Insurance Committee on Federal Taxation, "Federal Taxes Mutualwise;" Commissioner Frank Sullivan of Kansas; G. Robert Gadberry, Fourth National Bank, Wichita, and Harry P. Cooper, secretary of the national association.

Taking part in a panel discussion on loss and claim problems were: William J. Schultis, Farmers Alliance Mutual; Charles McCrann, Farm Bureau Mutual, E. E. Bonar, Patrons Mutual, and William C. Baker, Baker Claims Service. M. L. Landis was moderator.

major medical.

"The base benefits would consist of a surgical schedule that automatically includes some element of coinsurance and furnishes a guide to the surgeon to the extent of indicating how much the employee will receive; a hospital benefit with a dollar limit somewhat under the local cost for semi-private services which again automatically incorporates an element of coinsurance; out-of-hospital diagnostic laboratory and x-ray on a schedule basis, home and office doctor's visits with the first few visits out for sickness and reimbursement of an amount somewhat below the normal physicians' charges for the community; the major medical benefit would provide for a graduated deductible of, say, \$100 to \$500 depending on salary, with 75-25% coinsurance and total disability required.

Would Be In Position

"Under such a plan I would be in a position to closely estimate future costs, and while the plan undoubtedly would have to be revised upward from time to time as the expense of medical services increased, I would be in a position to evaluate current conditions and then determine my course of action in the light of the earnings statement of my company. Furthermore, members of my organization would know and have an opportunity to appreciate additional liberalities as provided."

The future undoubtedly will see a continuation of the rapid increase in major medical and comprehensive plans, for the fundamental objective is basically sound, Mr. Dulaney concluded. "I believe, however, that, as industry becomes aware of the high cost of all-inclusive plans, there will be a return to reasonable conservatism and that common sense will be restored to the comprehensive picture."



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Non-Admitted Cover Good If Properly Used

(CONTINUED FROM PAGE 2)

be sure that he receives assurance from the broker that the insurer is sound and will recognize its responsibilities in the event of a claim.

In pointing out the reasons why insurance obtainable abroad is not available in the American market, Mr. Clark said the main one is the difference in philosophy of underwrit-

ing, with the basic American policy being on writing a class of business, while the foreign underwriter is interested in writing business and is not insistent that each class of risk produce its own premium, so long as the general business written enables the underwriter to show a profit on total operations.

"It must always be remembered that Lloyds is the protection behind the protection of all insurance written in the U. S.," Mr. Clark stated. "It is doubtful whether there is a cent of premium paid in the U. S. that some minute portion of that premium does not finally end up in the hands of a Lloyds underwriter."

Mr. Clark emphasized, however, that before "deserting the American market and going abroad for insurance" that the prospective buyer should

make sure there is not a home market. "Too often an insurance buyer does not do a good job of research in the American insurance market." Particularly in recent years a good many domestic underwriters with real underwriting imagination, courage and know-how, have stepped out and offered to meet the requirements of their insured, and have acceptably provided desired coverages. It is up to the insurance buyer to find the companies with this type of imaginative underwriter and place his insurance with that type of insurer. Do not accept a "no without a fight." In searching the domestic market, Mr. Clark stressed that the buyer should have an agent or broker and that they comb the market thoroughly.

The speaker warned that the Lloyds market is a very extensive one and it is unwise to attempt to get quotations of premiums from more than one Lloyds broker where the amount involved is in excess of \$100,000. "Lloyds underwriters frown on more than one broker coming into the market on the same risk and often up their premium when this occurs," he said. He also advised buyers to furnish the broker with all possible information in regard to the risk. "The more information that is furnished the lower and more accurate the premium quotation will be." Also, "Lloyds underwriters, as a rule, charge where information is not given, on a basis that it must be detrimental or it would have been furnished."

Mr. Clark also advised against thinking that Lloyds premiums will be great bargains. As a matter of fact, Lloyds has been recently notified by the committee of Lloyds that their experience in recent years has not been good and they suggest that Lloyds underwriters charge more for coverages, he declared. He also included the thought that while there is nothing illegal about buying non-admitted insurance, it is highly necessary to understand what laws are involved in the particular state as to buying such insurance. In many states there is a state tax to be paid on this insurance, "and you should investigate this at the time of placing the insurance so that you will know what taxes you will have to stand and what taxes Lloyds will pay. Often by buying insurance out of your state and not through a broker authorized to transact unadmitted insurance in your state, you may be able to save the amount of this state tax. Find out about this before you effect the insurance."

Pacific Indemnity Buys Land For New Home Office

Pacific Indemnity has purchased valuable property on Wilshire boulevard in Los Angeles with view toward erecting a large home office building.

The property is approximately 2½ blocks from the present home office and cost \$675,000. Present plans are for the erection of a modern, multi-million dollar building which will probably be 12 stories or more and will have a tower-effect portion in its design. While Pacific Indemnity will occupy a major part of the building for its home office, other portions will be available for office leasing. It is anticipated that the new structure will be completed in 1961.

Misses Ruth Hoover of Grain Dealers Mutual and Hazel Peacock of the Cooling-Grumme-Mumford general agency have been designated among the "10 Top Business Women of Indianapolis."

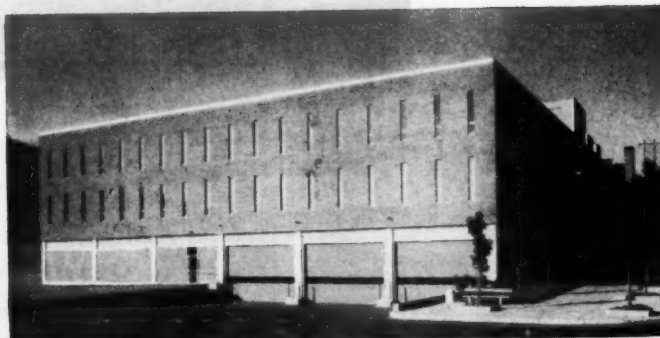
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Polaroid's Waltham, Mass. plant, selected by Factory as one of country's "Top Ten" for 1958. Photo taken with Polaroid Land Camera.

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Litigation Decreasing, Lawyer Notes Before Chicago Claim Assn.

Faced with the last minute cancellation of its scheduled speaker, the Chicago Claim Assn., at its second meeting of the season in the Midland Hotel, rolled with the punch and came up with an able replacement, Henry A. Warchall, American Life Convention counsel.

"Recent Developments in Life and A&H Law," was the title of Mr. Warchall's talk and he soon had an interested audience as he dealt with claim cases involving such perennially perplexing problems as the "Russian roulette" death, the fraudulent physician, and that old standby, the insurable interest question.

Examining the infrequency of litigation during a period of enormous growth in payments, Mr. Warchall said that in 1927 there were 394 cases litigated in federal and state courts of appeal, and only 112 in 1957.

In spite of "increasing difficulties," the trend in these cases has been consistently in the direction of cases fa-

vorable to the insurer, he said, and noted that for the past five years such cases have averaged 57%.

Committee chairmen have been set by the association. They are: Kenneth C. Berry, Lumbermens Mutual (executive); Edward Fineran, National Casualty (program); David Linstrom, Poulsen Ins. Co. (membership and greeters); Robert Poblocki, Lumbermens Mutual (Christmas party); Ray De Filippo, Country Life (golf), and Robert Johns, North American Union Life (auditing).

The next meeting of the association, the annual Christmas party, will be held on Dec. 12.

Jaffin Heads N.Y. Brokers

Greater New York Insurance Brokers Assn. has elected Edward Jaffin president to succeed Mortimer L. Nathanson of Brooklyn, who becomes chairman. Walter Grasheim was named a vice-president, and Marshall Rubenstein recording secretary.

The new administration will be installed at the annual membership meeting Dec. 9.

Companies Complying With Texas Edict On 'Underwriting Agencies'

The Texas board has reported that companies are complying fully and expeditiously with the recent order of Commissioner Harrison directing them to quit operating their "underwriting agencies" in the state. The board's program is being carried out by Silas Maxwell, staff member.

In its form letter to companies having such agencies, the board points out that

it is the opinion of the commissioner that Article 1.14 of the Texas code does not authorize the use of underwriting agencies; that since such "agencies" are not licensed in Texas, either as insurance companies or agencies, he must order them to cease operating under the agency name, and furthermore that as a result of his study of certain issued policies it is not clear who is actually insuring the risk.

As far as could be learned, the board is allowing a reasonable time to comply with the new order and has not issued any calls for "show-cause" hearings.

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Photo Highlights Of AMA Meeting



R. E. Blakley, Helene Curtis Inc., and Frazier S. Wilson, Stewart, Smith (Illinois).



H. Putnam, vice-president, AFIA, and John J. Geary, midwest manager AFIA.



V. L. Montgomery and Bradford Smith, both of Ins. Co. of North America, and Sam McGoun Jr., Indemnity of North America.



J. J. Mulligan; Henry Lustgarten; Frank McCullough, all of Continental National group, and James Kennedy, casualty manager Rollins Burdick Hunter Co.



A. A. Berkley and William Brooks of North American Car Corp., and B. E. Davidson, vice-chairman Rollins Burdick Hunter.

Gordon Parks, vice-president Rollins Burdick Hunter; P. B. Gehrke, Joslyn Mfg. Co.; E. R. Sanborn and C. T. Hoskinson, both of Great American group.



N. C. Flanagan, Lumbermens Mutual Casualty; Frank W. Pennartz, Food Fair Stores; Clayton E. Carlson, Minn. & Ontario Paper Co.; R. F. Boettcher, Gen. A. Hormel & Co.; C. Paul Kipp, U. S. Gypsum Co., and Walter R. White, Lumbermens Mutual Casualty.



F. H. Deckman, Colombia Gas Systems; Peter Freilich, Corroon & Reynolds group, and Eugene Gallagher, Planet.



W. W. Clement, public relations manager American Insurance group; M. A. Coker, vice-president AIU Corp.; George W. Lutton, president AIU agency; L. J. Troiano, vice-president AIU Corp.; Henry Jackson, vice-president AIU agency, and William Niedercker, vice-president AIU agency.

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'C' Can Be Written But Not In Same Way, Adam Tells Mutuals

It is impossible to write homeowners C, or its successor, homeowners S, across the board for all producers, John Adam Jr., vice-president of Central Mutual at Boston, told the meeting there of Mutual Insurance Technical Conference.

If the rates are raised to the point where insurers can write the business across the board, the better insured will drop out, which would increase the loss ratio, or they will be siphoned off by preferred risk underwriters. However, he suggested a program for writing C successfully.

The problem of the underwriter is how to recognize the preferred risk. But antecedent to that is the problem of the underwriter himself. The underwriter with the mentality of a bureau clerk and credit inspector, who assumes the rate reflects the hazards and passes all dailies unless credit report is negative, can't do this type of underwriting. In fact, it can't be done by any underwriter unless a great deal of selection is done at the source.

Big Demand Is In Cities

The greatest demand for homeowners Crises in metropolitan areas where the exposure is more severe, claim consciousness higher, and acquaintanceship of producer and prospect lower. He wonders if under these circumstances HO C can be written successfully by anyone.

HO C has a built-in moral hazard and cannot be written as a mass market cover, Mr. Adam believes. Many C insured were made excessively loss

conscious by the way they were sold. However, he thinks it is short sighted to conclude that C should be withdrawn, for then non-bureau companies would continue to write it for preferred risks.

He suggests that C can be written for persons with high moral standards, who take care of their property, and who expect indemnity from insurance, not profit. Competition has forced producers and underwriters far from these standards.

If an insurer courageously informs its producers that this is the only kind of insured for whom it will write C, and thus eliminates some of its production sources for the contract, it will be on the right road, Mr. Adam said. Then get a signed application, including losses for five years; emphasize insurance to value and don't rely on the built-in minimum of 50% of dwelling value on contents, which has in practice become the maximum; merchandise it outside metropolises; write cautiously old Victorian mansions; watch out for the producer who sells C for minimum or near minimum amounts, and don't fall for the idea that what the insurer needs is more spread. For, he said, if an insurer gets enough of C, it will mean defeat.

Ozanick Is Advanced By Hartford Accident

Hartford Accident has advanced Edward M. Ozanick from manager of the compensation and liability department at New York to manager at Newark. He succeeds J. Clifford Eastmead who is retiring upon the advice of his physician.

Mr. Eastmead joined the company in 1918 at New York, after experience with New York Compensation Rating Board. He became manager at Newark in 1927.

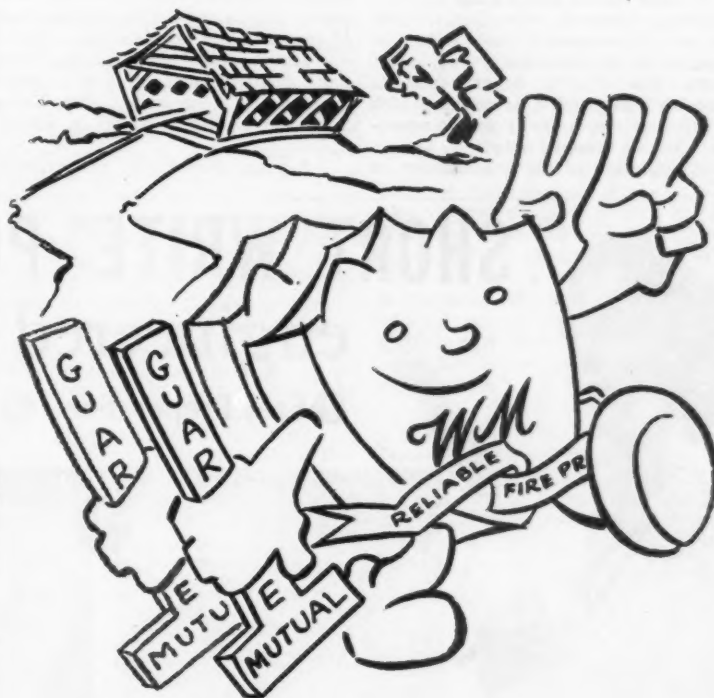
Mr. Ozanick joined the western department in 1939 and became assistant superintendent of the compensation and liability department before going to the home office in 1950. In 1952 he advanced to associate manager of compensation and liability at New York and became manager in 1954.

Stocks

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	Bid	Asked
Aetna Casualty	172	176
Aetna Fire	78	79½
Aetna Life	224	230
American (N. J.)	29	30
American Motorists	15¼	16¼
American Surety	18¼	19¼
Boston	34¼	35¼
Continental Casualty	106½	108½
Crum & Forster com.	63	65
Federal	53¼	55
Fireman's Fund	58	60
General Reinsurance	69	71
Glens Falls	35¼	36¼
Globe & Republic	21	22
Great American Fire	44¼	45¼
Hartford Fire	177	183
Hanover Fire	42	43½
Home (N. Y.)	47¼	49
Ins. Co. of No. America	122½	125½
Maryland Casualty	41¼	42¼
Mass. Bonding	43	44¼
National Fire	103	108
National Union	42	43½
New Amsterdam Cas.	50	52
New Hampshire	43	44¼
North River	38	39½
Ohio Casualty	24	26
Phoenix Conn.	84¼	88
Prov. Wash.	18¼	19¼
Reinsurance Corp. of N.Y.	16¼	17¼
Reliance	47	48¼
St. Paul F. & M.	56	57
Springfield F. & M.	35	36
Standard Accident	57¼	59
Travelers	97¼	99
U.S.F. & G.	77¼	79¼
U. S. Fire	30	31

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Ill. Federation Hears Gerber, Arrington Give Legislative Preview

(CONTINUED FROM PAGE 2)
insurance business, Mr. Gerber said, but it is necessary that there be recognition of weaknesses and action taken. The Illinois department has lined up a number of proposals which Mr. Gerber said he believes are necessary. Among these he listed:

—Prohibition of the organization of

burial societies (there are about 20 burial societies in Illinois which Mr. Gerber said have not gone anywhere and aren't going anywhere).

—An increase in the capital and surplus requirements of stock companies and in the surplus requirements of mutuals and reciprocals.

—More control of insurance company security sales (this is a serious problem in some states, Mr. Gerber said, and is one to avoid in advance in Illinois).

—A requirement that master group

contracts emanating in Illinois or elsewhere obtain department approval.

—A change in surplus line company requirements so that there will be equal financing on the part of these companies with what is required of the Illinois companies.

—Provision to make electronic and similar computing data an admissible asset of insurance companies.

—The passage of a credit life and credit A&H bill, which the director termed a "must."

—A bill to allow a quicker take-over

of companies on the verge of collapse. Mr. Gerber said in Missouri the department can move in when a company is in bad trouble and be of assistance in salvaging it or liquidating it with the least possible pain. Something of that nature is needed in Illinois.

—A bill to allow the department or the liquidator to reinsure the balance of the term of unexpired policies of companies in bankruptcy.

—A bill to recodify the investment section of the Illinois code.

—Legislation on the fair trade practices similar to that already enacted in 44 states.

—A measure to bring real estate investments of life companies up to the 10% provision of the casualty companies.

—A bill to require that amendments to company by-laws be filed with the department for approval.

Revisions In Safety Code For Building Are Asked

American Standards Assn.'s sectional committee on safety in the construction industry recently met in New York and recommended that the safety code for building construction be revised and its scope be enlarged to include highway and heavy construction. It was also recommended that subcommittees be formed to deal with the various technical aspects of the construction industry. The committee hopes to achieve a uniform safety code throughout the country. Committee members include T. W. O'Dell of Assn. of Casualty & Surety Companies, and Robert L. Moore of National Assn. of Mutual Casualty Companies.

Twin Cities Claims Council Schedules Panels

A panel discussion and dinner for claims managers and attorneys representing member companies has been scheduled by Twin Cities Claim Managers Council for Dec. 6 at the Leamington Hotel in Minneapolis.

Speakers and their subjects will be J. E. Linster, Employers Mutuals of Wausau, "Let's Discuss Our Common Problems;" Sidney Gislason, attorney of New Ulm, Minn., "How to Live With NACCA;" and Karl F. Peplau, Augusta, Wis., attorney. A panel discussing "Cooperation Among Defense Counsel Prior to and During Trial" will consist of Charles Murnane, Frank Janes, Linus Hammond, Robert MacPhail, Richard L. Thomas, and Robert A. Desmond. Dudley Krenz will be moderator.

Another panel will cover "The Preparation of a Claim File in Anticipation of a Suit." Panelists are Edward J. Bonn, moderator, Robert J. Tyrell, Arthur Geer, Paul McGough, B. J. Landree, K. L. Lipp; and Donald Ellsworth.

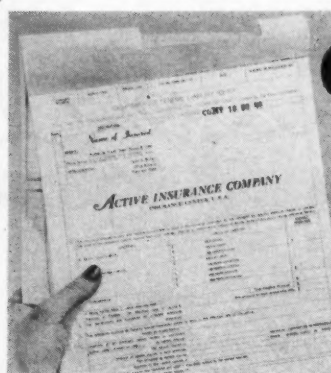
GAB Appoints In East

General Adjustment Bureau has appointed Philip E. Robinson manager at Baltimore, succeeding J. B. Dooley, who has been transferred to Pittsburgh as a senior adjuster. Mr. Robinson will be succeeded as manager at Wilkes-Barre by Courtney J. Haddock.

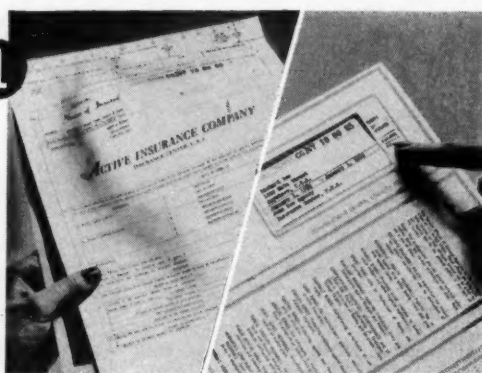
Mr. Robinson joined GAB in 1930 and served in several offices in central Pennsylvania before going to Wilkes-Barre in 1943. Mr. Haddock joined GAB in 1938. He served in metropolitan New York and eastern Pennsylvania and in 1951 was appointed manager at Reading.

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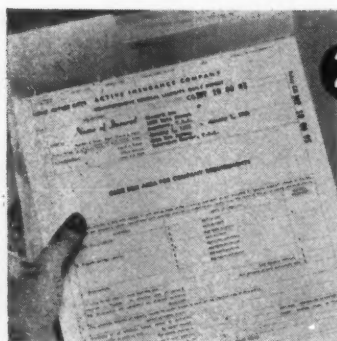
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Tests Prove Deductible Property Plan Sound

(CONTINUED FROM PAGE 6)

involved, its spread of risk and the premium saving. The effect of a percentage deductible would be unpredictable, resulting in some cases, in the adjustment and collection of comparatively inconsequential amounts, and in other cases, in a loss much greater than the policyholder could prudently assume.

4. That the percentages of credit allowed for the deductible would vary, based on the relationship between the amount of the deductible, and the amount of insurance carried. The great majority of fires and, in fact, other hazards, customarily insured under fire policies do not totally destroy, but only partially damage the involved property. The Chubb & Son plan involves fixed dollars deductible amounts and, therefore, the effect would be relatively less on partial losses to high valued properties than to smaller valued properties.

Table Of Credits

The program includes a table of credits in which each credit evaluates the application of a deductible amount under specific circumstances. The percentage of credit is then deducted from the tariff rate established by the rating bureau. Under standard rating bureau procedure basic rates are established to reflect various types of construction, occupancy and protection. Such basic rates are adjusted by charges and credits reflecting the increase or decrease in the risk of loss to the insurer. Among the conditions for which credits are customarily allowed are watchman services, fire walls, adequate private fire extinguishing devices, and many others. The deductible clause unquestionably reduces a loss to the insurer, and by the same theory, a system of rating credits is not only justifiable but necessary in order to comply with the legal requirements that rates should not be excessive nor unfairly discriminatory.

Approved In 40 States

The deductible plan is approved in 40 states and District of Columbia. The experience of this business from an underwriting viewpoint has been excellent. The volume has been moderate. But Mr. Wrenn points out that Chubb & Son was never under the misapprehension that it would take the place of full recovery insurance for the majority of property owners. However, it affords economically practical and mutually satisfactory insurance for the larger mercantile and manufacturing operations which are an important part of the insurance buying public. The business uses many special forms to fit the insurance needs of policyholders. There are special forms for dwellings, for schools, for churches, for manufacturers, for merchants, and many others. An additional form to provide for optional deductibles to meet special circumstances is quite consistent with traditional insurance practices.

Opponents of the deductible plan have insisted that the true concept of insurance requires the insuring companies to assume the entire risk with no retention or participation by the policyholder. In other words, a loss, whether of \$1 or \$1 million should be paid in full. Chubb & Son does not agree with this contention. Not only are many deductibles, small and large, historically permitted under marine and casualty, automobile, homeowners and other types of policies, but certain

ones are mandatory, as in extended coverage, for example.

Mr. Wrenn states that a policyholder may be required to bear a part of his loss through the operation of policy conditions, limitations and exclusions, including penalties incurred through the application of coinsurance clauses. From the smallest property owner to the giant corporation, it is customary—in fact, an economic necessity—to limit purchases of insurance to the types needed to provide the most suitable form of protection for the amount of money available for premium purposes. No one is fully insured.

Chubb & Son feels that its optional deductible program permitting a property owner to purchase insurance at a lower premium cost to protect him against loss only in excess of the amount he desires to retain at his own risk is sound in theory and practical in application. To an insurance company it does not differ significantly from any other type of insurance with

the same underwriting criteria, and to a policyholder it is justified by premium saving measured against his own degree of risk and spread of property.

Effect On Statistics

Critics of the plan have claimed that it will cause distortion in statistics. Mr. Wrenn believes the program will not have that effect. Rate making is far from an exact science. Statistics upon which rate levels are evaluated are very general in their nature. They record merely the premiums and losses for each of 115 occupancy classes, which are further subdivided into general categories of construction and protection. The rating credits customarily allowed for fire walls, watchmen, standard fire protection and many other conditions designed to prevent the spread of fire, are not coded to provide statistics to prove the correctness of such credits. The allowances are determined by judgment alone. Further, loss statistics contain no indication as to whether the payments fully covered the property loss or whether they involved coinsurance penalties or any other

reductions for policy conditions, requiring insured to bear a part of his loss. Finally, the statistics for deductible business can be maintained separately.

Competitively speaking, Chubb & Son feels that if a property owner can absorb losses up to agreed deductible amounts, and the premium saving is sufficient, there should be no need for him to carry his problems to foreign insurers.

One agent commented:

"Individuals and corporations now elect to provide insurance against some exposures and to assume the risk of others. Some self insurers may find the deductible plan attractive. Deductibles are now available in a number of classes of insurance, and we believe that an insured who desires to assume the first part of a risk should be given legitimate means of insuring the remaining risk."

Sheboygan, Wis., Board of Fire & Casualty Underwriters has elected Julius R. Schils president, Harold Mueller vice-president, and Adolph Bauermann, secretary-treasurer.



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Chicago AMA Conference Draws Crowd

(CONTINUED FROM PAGE 1)

a stock company because the stores did not want to invest a large amount of money in capital stock in paid in surplus in order to meet legal requirements. The idea of organizing a mutual company was explored; however some objectionable features appeared here also. Self-insurance was studied in the hope that a fund could be set up through the establishment of reserves through payment of the annual premiums; however, this reserve fund proved to be impractical for tax purposes. One of the major benefits that can be derived from operating as a reciprocal, Mr. Whitney said, is that subscribers can deduct as ordinary necessary business expenses the annual premium.

"Our type of captive reciprocal is, we believe, a new approach to the insurance problems of any large group of associated corporations. Conditions being right within these corporations an operation of this kind can be established and operated efficiently and effectively," he explained.

The Borden Co. self-insures workmen's compensation, public liability and fire and extended coverage, Mr. Berry said. Boiler, advertisers liability, elevator liability, crime hazards and ocean marine protection are supplied by insurance companies. He said his company had found that it must bear its own risk, if any, below a very substantial figure per loss.

Three considerations—transfer of risk, appraisal of service aspects, and flexibility—should be given before de-

ciding whether or not to self-insure, he said, adding that all three were amenable to Borden's self-insurance program.

Focusing his discussion on the indemnity type of welfare program, Mr. Segal said that there is no general or theoretical position on insurance vs. self-insurance for those responsible for welfare programs to decide which is best, and that each situation requires its own determination. The only basis which he said he would consider valid before deciding on one or the other is: Which will yield an optimal schedule of benefits while minimizing costs and maximizing employee satisfaction.

Savings Possibilities Limited

In neither financing nor functioning will everything be made different by changing from insurance to self-insurance or vice versa, he declared. Savings possible through a self-insure program are limited to the amount an insured charges above the program's direct claims payment and are limited to what the insured charges as its retention. In not paying the insurers retention charge, the program must itself perform certain necessary functions which the insurer would perform for the insured program.

Services are necessary to both the insured and the self-insured program and in the case of the latter where no commissions are available to cover or defray their cost, they must be purchased and paid for. Even the minimum commission is not altogether

saved by a self-insurance program. The net saving on commissions will be the difference, if any may be found, between the cost of consultative services purchased directly and the commissions paid on the program's insurance. If these services, satisfactorily performed, cost as much or more than commissions, the program which uses its commissions properly will find it has already realized all the economies possible on commissions, and self-insurance will not yield further savings on this item, he opined.

In weighing what a self-insured program might save if it reinsures, the cost of that reinsurance must be compared with the risk sharing or contingency reserve charge in an insurer's retention.

Mr. Segal suggested four basic questions which can only be answered after a detailed analysis of a company's program is made: Does the study show that the group is large enough so their past actuarial experience can be used as a reasonable forecast for the future? Are adequate reserves on hand or can they be established to assure benefit payments? Will the benefits be competently and impartially administered? And are the savings to be effected worthwhile?

The program was opened Monday morning with a report on atomic hazards by William H. Berry, America Fore, and Hubert W. Yount, Liberty Mutual. They discussed the latest coverages for nuclear risks and the new policies which cover some of the excluded risks and described the functions of complex insurance pools such as NELIA, NEPIA and MAERP.

Tuesday morning S. Gwyn Dulaney, Travelers, discussed the comprehensive medical plan of integrating all medical care coverage into one package and the basic hospital-surgical-medical benefits supplemented by major medical insurance. He compared them for underwriting soundness, cost control and benefits provisions. Ways to measure the effect of a company's insurance department, were demonstrated by Virgil K. Rowland, Detroit Edison Co. Often, he said, a company's evaluation of the buyer's contribution to the company is informal and inadequate. However, many companies have successfully developed clear-cut managerial standards of performance.

Tuesday's Panel

A panel on corporate liability to the employee was held Tuesday afternoon. Panelists were Melvin Belli, San Francisco attorney, Joseph D. Edwards, New York City attorney, and Thomas V. Murphy, Maryland Shipbuilding & Dry Dock Co. buyer. Legal, ethical and insurance problems facing management in the workmen's compensation and liability area were taken up.

The unauthorized insurance market was discussed by David V. Palmer, Lumley, Dennant & Co., New York City, and Ernest L. Clark, Corporate Advisers, Inc. Mr. Palmer defined an unauthorized insurer as any which is not licensed by a state to write insurance in that state in accordance with rates and forms filed with the state authority. He classified these as Lloyd's

Underwriters, British and European companies which underwrite a dollar account in London, and domestic companies licensed in one state only. He explained the legal problems and the accessibility of the London market.

George M. Marshall Jr., marine manager Atlantic Companies at Chicago, discussed ocean marine cargo insurance. He went into considerable detail on the history and uses of ocean marine and the information necessary for an insurance manager to arrange his marine cargo insurance on a sound basis.

Pointing out the importance of having an understanding of the volume of business shipped by such means of transportation and also of the various routings and connecting conveyances employed in the transportation of goods to or from overseas destinations. He advised his audience to obtain the services of a competent insurance agent or broker.

H. W. Snider of the Wharton school concluded the meeting with a forecast of the prospects for insurance management in the next 10 years.

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Smith Defends Deductibles, All Risk Covers

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would be remiss if I did not impress upon you that to my mind this is the day and time to strike back unrelentingly at every manifestation of whatever nature that would disturb the orderly process of insurance. So long as we realize our trusteeship in this business, we will always be alert to maintain its integrity and to keep all subversive wolves away from our pastures."

Industry opposition to the manufacturers output policy culminated in a request to the New York insurance department to withdraw its approval of the form, Mr. Smith continued. This was denied. Once the New York department took this firm stand, the die was cast. However, the evolution of all risk policies has been delayed by disputes over bureau jurisdiction, as well as the continued resistance by prominent company interests, and a cautious attitude toward their approval by insurance regulatory officials. It is only now, after some seven or eight years of discussion, investigation, hearings and court battles, that independent companies appear to have won the right to develop these forms of insurance on their own and to work out ways of writing them at a profit. Mr. Smith stressed the phrase "appear to have won the right" deliberately, since he said he is not certain that the proponents of the status quo have exhausted their full bag of legal tricks.

He said that a storm was also raised by the introduction of a deductible plan and an excess of loss plan in the physical damage field by two independent companies. The opposition charged that deductibles would rapidly be extended to small risks, and that the practice would destroy the credibility of statistics and the basis for rating.

Calls Charges 'Rubbish'

These charges and others are just so much rubbish, Mr. Smith said. However, he admits that, while there has been great interest in excess of loss coverage, relatively few contracts have been written in the American market. This is chiefly due to the inability of a handful of American underwriters to win this market away from knowledgeable, non-admitted insurers, operating outside the area of state regulation. An objective view must also take into consideration the unprofitable era in American property insurance, which has made American companies hesitant to experiment in untried fields, and the fact that there is only a limited number of insured prepared to carry a first loss large enough to qualify for catastrophe coverage.

Mr. Smith said that as the all-risk concept is expanded to different kinds of property and classes of risk, it will place an increasingly higher strain on

the abilities of underwriters. The process of accepting or rejecting such risks will be obviously more difficult and require much greater experience and judgment than that employed in routine underwriting. Equally important will be the problem of making this form of insurance attractive to underwriters by naming and securing a rate commensurate with the true loss potential. Until more experience is developed, the task of establishing rates which are neither too high nor too low is one which will test the acumen of the best of today's underwriters.

Holds Drivers Responsible For Auto Liability Rates

Responsibility for auto liability rates was laid back in the drivers' laps by Edward P. Gallagher, executive vice-president and general counsel of American States, who addressed Indianapolis Casualty Underwriters Assn.

"It's even conceivable that insurance rates could be reduced if the public would improve its driving habits, be more reasonable in presenting claims and judge trials on the basis of fact rather than fiction," he said.

Swayed By Emotion

Mr. Gallagher, who is president of Insurance Institute of Indiana, pointed out that in 1957, the nation's companies paid \$1,658,320,000 for personal injury and death claims and another \$635,553,000 in property damage claims. In his opinion, a large part of this was handed out by juries who were swayed by appeals to the emotions rather than the facts of a particular case, with a net loss of \$270 million underwriting loss in auto liability insurance last year.

Creighton To Pittsburgh

Gray D. Creighton, special agent of Aetna Fire, has been transferred to Pittsburgh where Thomas J. Meehan has succeeded him.

Mr. Creighton joined the home office marine department in 1951 and completed the multiple line training course before going to Philadelphia in 1953.

New Bradford Adjustment Office

Bradford Adjustment Service of Dayton has opened a branch office in Lima, with Robert Ulrich in charge. The new office will complete the coverage by Bradford of western Ohio. There is a third branch at Piqua.

Frank D. Hurt, vice-president of W. A. Alexander, is moving from Chicago to Los Angeles to assist in the further development of both the Los Angeles and San Francisco offices. He has been with the company for approximately 40 years.

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Selling By Mail Urged By Springfield-Monarch

Howard Williams, recently named director of sales promotion of Springfield-Monarch group, discussed how to "Put Sale In Everyday Mail" at a recent meeting of New Hampshire Insurance Women's League at Dover.

Mr. Williams was with Remington Advertising Agency in Springfield before joining Monarch Life in 1954. He was appointed manager of public relations in 1955 and director of public relations and advertising in 1958. He recently was a keynote speaker at a sales caravan of the New York State Assn. of Life Underwriters.

Farmers Of Enumclaw Files Forest Fire Cover

Rates and forms for forest fire coverage have been filed in Washington by Farmers Mutual of Enumclaw.

Coverage is for fire and lightning only and for not more than the agreed value per acre on the property at the time of loss.

Specifically excluded under the policy are: fire fighting or suppression expenses; cost of removal of debris or stumps; loss or damage directly caused by the willful failure of the insured to conform with applicable laws, statutes and regulations pertaining to operating and forest management practices, and trees growing in such locations as to render it impracticable or impossible to log same at usual profit by ordinary and customary means.

Coverage is suspended during the period of burning of slashings unless all federal and state requirements pertaining to such action have been fully complied with. No additional coverage for fire and lightning is permitted unless written on the same plan, terms, conditions, and provisions. A deductible of 1% or \$200, whichever is greater, applies to each loss.

An annual base rate of 50 cents per \$100 applies with a schedule of debits and credits filed.

A detailed application is required from the insured and becomes a warranty.

Malsick Conn. F&S Head Of Hartford Accident

Hartford Accident has appointed Joseph L. Malsick Jr. fidelity and surety bond superintendent at Bridgeport, Conn. He joined the company in 1949 at the home office and later served as claims adjuster in New Haven. Prior to his new appointment he was bond special agent at Bridgeport.

Wohlreich & Anderson Has New N.Y. Head Office

Wohlreich & Anderson, an agency specializing in handling unusual risks, with offices in East Orange, N. J., Philadelphia and Baltimore, has moved its head office in New York to new and larger quarters at 55 John street.

Hansen Joins Tri-State

Peter G. Hansen has joined Tri-State of Tulsa as automobile underwriting supervisor. He has been with Roberts & Rhea general agency of Fort Worth and before that was with Commercial Standard.

Davis & Co., Hillsboro (Ore.) local agency, has purchased the local agency of the late Mrs. Edna Siegrist at Hillsboro.

Western Problems Reviewed At Caracas

(CONTINUED FROM PAGE 2)

as a standard reference work for banks, insurers, exporters, importers and forwarding shipping agents.

Woodrow J. Van Hoven, vice-president of U. S. Aviation Underwriters, in his paper on aviation in the jet age, observed that while the world aviation insurance markets are just beginning to learn how to live with the huge val-
ues always had been able to fulfill its

of the jet transports, they see ahead the development of the multi-turbine helicopter transport and other forms of vertical lifts. These latter will be necessary, he observed, to minimize ground travel time to and from major airports, which will be made more conspicuous by the reduction in air travel time of jets.

Super-Sonic Transport Ahead

Beyond that, Mr. Van Hoven predicted, will develop super-sonic and nuclear powered transport facilities will be developed. The insurance business always had been able to fulfill its obligation to the aviation industry and make a reasonable profit in the process, he said. This will not change if the business follows sound underwriting principles, uses its experience to the fullest extent, and keeps up with developments.

Mr. Byrne also prepared a paper on cargo loss prevention, as a representative of Assn. of Marine Underwriters of the U. S. In it he called attention to one cooperative effort, a study by Stanford Research Institute in California on sweat damage to canned goods. The first year's analysis of experience in this field has revealed additional matters that require evaluation, and consideration is being given to extension of the research for a second year.

Another example of cooperative effort to reduce losses is in the field of damage to cargo by carbon black. This fine powdery substance is shipped through the same American ports that handle cotton. Over the years, seepage of carbon black from torn bags has stained the floors of some piers and sheds and the cotton becomes contaminated when dragged over the floors.

Cooperation Is Needed

Southwest Research Institute has been called in by the water carriers to analyze the problem. It has indicated that only a cooperative effort by producers, exporters, terminal operators, carriers and others can lead to a reduction in loss experience in cargo contaminated by carbon black. Mr. Byrne urged marine underwriters in every country to initiate such cooperative effort.

Mr. Byrne also discussed keeping insurance in private hands and maintaining open international competition for transport risks.

A paper prepared by American International Underwriters called attention to the unsatisfactory trend in automobile insurance, which is continuing. There are an increasing number of territories in which automobile is producing a loss for insurers. While a rating plan designed for U. S. conditions would not necessarily be suitable for other countries where conditions may be different, the paper suggested that it would be sound practice in almost every country for automobile underwriting experience to be compiled and reviewed at least once a year, with adjustments wherever indicated. Automobile insurance conditions are unstable everywhere and it seems most appropriate that insurers should do their utmost to keep abreast of current developments.

Other papers delivered at the conference included one on company administration under multiple line underwriting, prepared by Gustave F. Michelbacher, retired president of Great American Indemnity; one on developments in fire insurance since

1956, prepared by Lewis A. Vincent, general manager of National Board; one on insurance for atomic risks, prepared by Jerome J. and James G. Greilsheimer, New York brokers; and on developments in casualty in New York in the past two years, prepared by William Buckman, research manager of Assn. of Casualty & Surety Companies.


T. B. Rowe, vice-president and treasurer of Ohio Farmers Companies, has been elected to the board. He replaces the late John A. Weber.

No. America School Graduates 31 Agents

Thirty-one students from 19 states were graduated from the 46th class of the school for agents sponsored by North America.

Honor graduates were Thomas H. Hobson, South Plainfield, N. J.; John D. Mauerman, Danville, Ill., and Evan C. Stineman Jr., South Fork, Pa.

Bradford Smith Jr., executive vice-president of North America, presented diplomas to the graduates in ceremonies at the home office.



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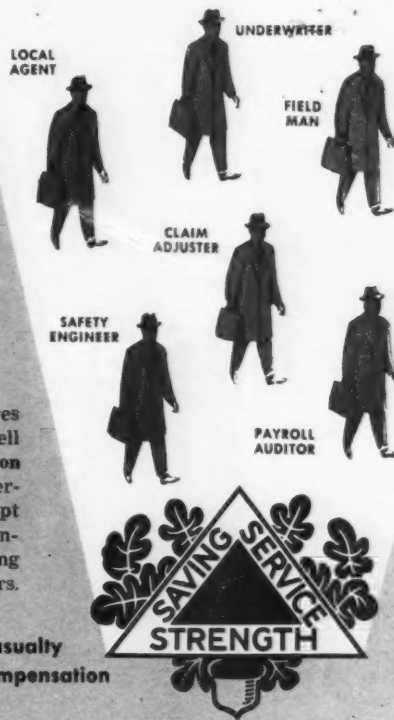
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